



NEWS RELEASE

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ARKANSAS FARM BILL FORUM
With Deputy Secretary Chuck Conner and
Moderators Stewart Doan of the Yancey Ag Network and
Gary DiGiuseppe Arkansas Radio Network Arkansas State Fair
Little Rock Arkansas - October 14, 2005

MR. GARY UNDERWOOD: [Singing of the National Anthem.]

ARKANSAS NATIONAL GUARD: Color Guard.

SENATOR MARK PRYOR: [In progress] -- Democratic colleagues did and I met with him a number of times and we appreciate him and that wasn't always easy. And of course supported Chuck in his nomination. Supported CAFTA, that wasn't an easy vote. Many Democrats didn't support CAFTA. And I tell you; I support the President on the war on terror. So I do not mind at all supporting President Bush and his administration when I think they're right. But, also must be candid that when I don't think they're right, I'm not shy about saying that. And quite frankly I believe, and I think that I have a lot of people around the state who would join me in this, I believe that in some ways the administration is dead wrong on agriculture.

[Applause.]

SENATOR PRYOR: I know that there have been stories in the paper and I know in the trade publications, the various farm publications and Ag pages and the various newspapers that have talked about how some people in the administration want to see big changes to our farm programs in the next Farm Bill. And in fact I heard just not long ago that the administration says they supported the Farm Bill in 2002, but they want to see a very radical change this time and the reason they do is because farm conditions have improved since 2002. And I would just like to see a show of hands of all the people here who think farm conditions have improved in Arkansas since 2002. If you think it has, raise your hand. That's what I'm hearing all over the state of Arkansas.

One thing I hear loud and clear unambiguously, unambiguously around the state is that they want to continue the 2002 Farm Bill.

[Applause.]

SENATOR PRYOR: And I think every person in this room and every farmer around the state would like to tweak one thing or another in the 2002 Farm Bill. There are things about it that are not easy and things that they don't like. But given our options right now they would like to see us continue the 2002 Farm Bill.

In addition to that, I read in yesterday's paper, a lot of you all in this room read this as well, I read in yesterday's paper where some in the administration want to see big cuts in farm programs because they're going to advocate with our trading partners more open markets. How many times have we heard that? I mean, how many times have we heard that? And these markets don't open.

And that's one thing that I'm very concerned about because I represent people in this room and people all over this state because these markets are not opening to farmers. In fact, there was a -- at the American Ag products -- in fact there was a story, I believe it was in the Democratic Gazette this morning. If not, I can't remember which paper it was in, but it said basically that India already has come out and said, we're not going to open our markets. They're going to have to do a lot more than that for us to open our markets. So, I would certainly hope that this administration will not rely on some vague promise out there about open markets and sell our farmers down the river.

In fact, one thing that I've noticed and we've all noticed and a lot of people in Arkansas and around the country have anxiety about this is I've noticed that our manufacturing base is eroding. These jobs are going overseas. These plants are closing and it's happening before our very eyes. And I do not want to export our agriculture base. I think that would be a huge mistake for this country. Do you all agree with that?

[Applause.]

SENATOR PRYOR: One of the great things about America that has made America great is the fact that we can feed ourselves and we can feed the world. And food and fiber is extremely important to the future of this country. So I want to see a very vibrant, very robust agriculture economy.

Now, we all know, everybody in this room knows that there are a lot of challenges out there. One of them is high cost of energy; right? Diesel and natural gas and all these other things that are going up, it puts a huge strain on your bottom line and I understand that. And I now Senator Lincoln, if she were here, she would give you a sermon about that because she's a seventh generation farm family over in Phillips County. And, by the way, she can't be here right now because she's doing a Medicare Part D, a prescription drug thing right now somewhere in the state. She wanted me to pass on her regrets for not being here. But, one thing, the bottom line is that we just can't escape. And I'll tell you, this is just a raw fact, and that is that President Bush would not be president today had it not been for farmers all over this country.

Do you all agree with that? He would not be president today.

[Applause.]

SENATOR PRYOR: He has carried rural America in 2000 and 2004. And I would sincerely hope, if for no other reason, to show his debt of gratitude to the people who sent him to the White House, he would remember them when it comes time to look at our agriculture policy in this country in 2007.

So I want to say this, that I go all over this state all the time and I've met a lot of these people individually, not just today, but in other contexts, mostly in their home communities and talking to various meetings around and I appreciate them being here. They've taken a day out of their very busy schedules to be here, but we appreciate you being here too. We really do. And we sincerely hope that what you hear today you will carry back to Washington and you will tell your boss and your boss's boss things that you're hearing here in Arkansas because my suspicion is, you are hearing very similar things all around the country. It's a very tough time to be an Arkansas farmer; it's a very tough time to be an American farmer. There are lots of challenges here. And I've got a great concern. I know all my colleagues in the delegations, we've got two of them sitting right here on the front row. We have a lot of concern about what our farmers are going through and we have a lot of concern about the impact that has on America.

So, thank you for being here, Chuck. We appreciate your public service, we appreciate your commitment. We've talked before and I've talked to Secretary Dorr before and I know where you guys personally are on issues. So we thank you for being here and welcome to Arkansas.

Thank you.

[Applause.]

MODERATOR STEWART DOAN: Thank you, Senator Pryor.

Ladies and gentlemen an Arkansas welcome for the Deputy Secretary of Agriculture, Chuck Conner.

[Applause.]

DEPUTY SECRETARY CHUCK CONNER: I really am excited to be here today, Stewart. Thanks for agreeing to moderate. I think you are doing a tag team with Gary as well, and we appreciate both of you volunteering to do this. This is not an easy job; I know.

Senator Pryor, I do appreciate -- I think that's called an introduction plus perhaps is the best way to describe that. And I appreciate not only the introduction, but the words of guidance as well. You are an important player in this Farm Bill debate and we do want to work with you and really appreciate your taking the time from your very busy schedule today to be with us.

Congressman Snyder, Congressman Ross, thank you as well, both of you, for being here and participating in this as well.

I also want to recognize -- I believe Dick Bell is in the crowd. Dick I saw you earlier. Stand up, let's make sure. Your Secretary of Agriculture, Dick, thanks for being here.

[Applause.]

DEPUTY SECRETARY CONNER: Darryl Little, Agency Director, Arkansas State Plant Board. Darryl, are you in the crowd anywhere? Darryl, please stand up.

[Applause.]

DEPUTY SECRETARY CONNER: Thank you for being here.

I appreciate the Arkansas National Guard for the color guard. Gary Underwood, thank you, Gary, for the National Anthem. Jordan Craig, your FFA member, and Haley Rieff for the Pledge of Allegiance. Thank you very much for our young folks for leading us in that important remembrance.

Jacob Wooley is your state 4-H President and Jessica Hickmott is the FFA member who will provide our first response today representing the next generation in the future of American Agriculture which is a big part of what our entire listening session is about.

I also want to thank our USDA State Farm Bill Forum Committee and the organizers of the Arkansas State Fair for providing us this opportunity for the hospitality and hard work. These are not easy sessions to pull together. Thank you all very, very much for that. This is a great crowd and I know there was a lot of effort put into that.

I would also like to recognize our Under Secretary in the back who I wasn't aware was going to be here, but I'm glad he's still in the state, Tom Dorr, our Under Secretary for Rural Development.

[Applause.]

DEPUTY SECRETARY CONNER: Tom has really, and Senator Pryor, I do appreciate, and I came to see you personally to ask your support for Tom, and you did. I appreciate that. Because really for the last almost two months Tom has dedicated his professional career within USDA to aiding the victims of Hurricane Katrina and Rita. That is the reason he is down here today, which I will tell you a little bit more about in just a minute. But we really appreciate having Tom here in this crowd to hear some of what's going on.

Speaking of Hurricanes Katrina and Rita, before we get into the Farm Bill part of this, let me just say that we continue to keep those impacted by this event in our thoughts and prayers because they need it. Their problems continue. President Bush has really brought to bear all of the available resources of the federal government to assist in this process. He has directed Secretary Johanns and me to break down any walls that we have at USDA and all other federal programs to streamline assistance in whatever way we can into that region. USDA, I am proud to say, at all levels of government, both career and political are doing that. We have provide \$170 million of assistance, 15 million pounds of food, \$181 million worth of food stamps. We've got 5,000 of our employees out of the Forest Service on the ground doing first-responder work. All of these things, again, in response to this devastating situation.

As well, our Under Secretary Tom Dorr, who I just mentioned, one of the things that is little known about USDA is that we actually do have a very large rural housing portfolio. Part of that portfolio we have a half a million units of housing in rural America. And about 30,000 of those units are vacant. And as soon as we heard about the desperate situation in Louisiana, Alabama, Mississippi, we immediately said, you know, let's make those 30,000 units available to any of these evacuees on a priority basis. And we have done that. And I believe to date about 7,000 families have actually been placed in some of our rural housing facilities. And my understanding, Tom, is that even today we had a great event in that through some private donations seven families from Louisiana were picked up and brought to the state of Arkansas and will now be living in USDA rural housing facilities in Hope, Arkansas as well as DeQueen, Arkansas. Seven families. So your own state is contributing to this in a partnership with USDA, again, to do what only comes naturally and that is just to show some humanity during a very, very difficult time in the life of these people.

I would just note that President Bush has said, it's going to take a very, very long time and a lot of resources over a long period of time to bring that region of the country back to where it was.

Thanks again to the people of Arkansas for your contributions. About 8,000 households in Arkansas as well were impacted by this hurricane and we have done all that we can, I think, to provide Food Stamp benefits and to make sure that your fellow Arkansas folks are aided in this process as well.

Speaking of disasters, I think, as I mentioned earlier in my press conference, the hurricanes brought some rain to Arkansas. But I know your state was devastated by dry weather earlier in the year. And in August Secretary Johanns has declared 12 counties as agricultural disaster areas. Today I took this opportunity to declare the remaining counties in the state of Arkansas -- all of your counties --

[Applause.]

DEPUTY SECRETARY CONNER: -- all of your counties as agricultural disaster areas. I think you guys -- many of you have been through this before, you know,

that this makes your producers eligible for very low interest rate disaster loans through your Farm Service Agency. And, again, you know, this is in response to drought conditions that I understand have particularly plagued the crops, some of which are irrigated, but particularly the livestock and the grazing sectors in your state. So we hope that that is a big help to the producers and to all of you.

Now, on to the reason we are here today. Let me just say that it is wonderful to be in Arkansas. I have been, in my years of working on agricultural issues, in your state many, many times, whether it's a Tyson's poultry facility, rice farm with Dick Bell, or others, I've been here, but it's great to be back.

Let me just tell you that this is our 31st forum in our nationwide Farm Bill listening tour. It our opportunity to stay connected with producers. And I don't say that in any kind of partisan, you know, are we hearing the message kind of way. We are out there listening to farmers at your level.

I think many, many times we get in the habit of saying, well, this is what this particular group said, you know, inside Washington to some congressional committee. Well, that's fine and dandy, and that's important input. But a lot of folks in rural America don't have the ability to come to Washington and to give us their input there. And we felt it was very, very important to come out here and hear you. And we have now been in 31 different states creating a record. And I will say, that is a public record of all that we're hearing in these Farm Bill listening sessions that anyone can go back and review and check out and see what it is we are hearing in these listening sessions. I will tell you, the feedback has just been outstanding in these listening sessions.

I want to first say that our listening sessions really came about as a result of President Bush and his interest in this issue. I want you to know that he is paying close attention to the feedback that we are getting from these sessions. He asks the Secretary and me about this often. In fact, part of our process here, my understanding is, do we have the tape of the President to play today?

[Tape break.]

DEPUTY SECRETARY CONNER: [In progress] -- impacts America's entire agricultural community. I don't think we would have any disagreement on that point at all whether rural or farming. That's why we have committed so much time to traveling the nation literally state by state to hear your input on this.

We do have a lot of challenges ahead, ladies and gentlemen. Agriculture is a changing industry and I don't think we would have any disagreement on that point either. I grew up on a farm in Benton County, Indiana which is where I am headed tonight for my Perdue University homecoming and I'm going to be probably spending some time on a combine tomorrow with my brother. And I will tell you that the little town where I grew up is a very, very different place than it was when I was there.

Mike Johanns grew up on a small farm in Iowa and I think he would tell you the same thing. For us it was an enormous privilege to grow up in rural America. For many of you, you have that privilege. We want to make sure that our children, ladies and gentlemen, have that same privilege. And that's not just going to happen. It has to be made to happen in order for our children to have the same benefits of rural America that we've had. They deserve the same opportunity.

One of the single most important considerations that we believe in a Farm Bill and it's reflected in, you know, the very first question that we have out there is the impact that our Farm Bill and our policies have on future generations in agriculture. Now, there are warning signs on the horizon, ladies and gentlemen, before we all stand up and say, everything's great. Well, the average age, you know, of the farmer in America, is now 59 years old. Nearly retirement age. And that number is increasing every year. So, you know, let's think about this and let's think thoughtfully. Because it's worth of our consideration for that next generation because I want them to have the same opportunity that Mike Johanns and I had. And I think you would totally agree with that. We must ask ourselves, you know, whether or not these are the best policies for them to succeed. And of course, we know that strong communities are essential, you know, to any success that we're to have in farming and rural America as well. It's the vision we have, good policy to accomplish good things on the farms and in rural America, and we've received a tremendous amount of input on those very points across the country.

There seems to be a consensus among producers and stakeholders on some policies, ladies and gentlemen. There seems to be consensus. But I will tell you there is a definite huge diversity of opinion on others. For example, USDA's Rural Development programs, to the best of my knowledge, I don't believe we have received in all of the hours of comments in 31 different states, three hours in each state, we have not gotten one negative comment on any USDA Rural Development program. People seem to be strongly supportive of having new water systems, of having fire trucks available to serve both the rural town as well as a farm in the event of a disaster. They like the idea of having a rural hospital to service their medical needs. All of these things come about as a result of USDA Rural Development programs contained in the Farm Bill.

We've heard tremendous support for our conservation programs. Just today I announced that USDA is releasing \$1.7 billion -- that's billion -- for 2006 for voluntary conservation programs on the farm that are enabling producers to do a better job of conserving those natural resources for the next generation.

I will tell you, a few folks have expressed concern that our conservation programs compete against grazing activities, but those are not -- you know, that is not a tremendous point out there. Our conservation programs are very, very popular.

When it comes to trade, to perhaps generate some debate here by the earlier clapping, I will tell you that there has been strong support for policies that open doors for new and expanded markets of our U.S. agricultural products. Farmers, you know, from what we are hearing, recognize that they are very, very productive individuals. As a

matter of fact, they are so productive that they are four times more productive in terms of their increase in production every year than what the growth rate is of the U.S. population; four times greater. Now what does that mean, ladies and gentlemen. That means they're acknowledging out there that trade exports have to be a part of our future. If not, then productivity alone means that the person sitting next to you today is probably not going to be a farmer that's going to be needed five or ten years from now.

Now, that's not good enough ladies and gentlemen. We've got to focus on these markets so that you guys have someplace to sell all this productivity in the future. Productivity on American farms is not going to stop. You guys do it better and better and better every year. And that's what makes American agriculture so great. Our challenge in the government, our challenge in the Farm Bill, we believe, has got to be to work with you to find the markets for that productivity.

The area, I will tell you, where we are seeing significant differences of opinion is in the area of the farm programs. For example, I will tell you in the Midwest producers out there come to the microphone time after time urging almost demanding payment limits. Now, I know that that's probably not a message that I am going to get down here today. And will tell you, you know, as we have been in other regions of the country, the message is 100 percent opposite of that. There is a strong difference of opinion here on that issue.

We've heard some very compelling stories of young people who grew up on farms. They want to carry on their farming tradition. In some cases they've been educated and trained to return to the farm. They simply can't because they are financially unable to get the land to farm either through renting or owning. Some people are calling for policies that look to the future to invest in things such as renewable fuels. Our increase in demand may not simply be exports alone. We recognize that. There can be tremendous potential for demand for your growing productivity right here on America's farms in our farms with renewable fuels to supply energy to reduce our energy costs which we all acknowledge is a big problem.

So we are getting tremendous feedback all along these lines. Based upon that feedback as Senator Pryor has mentioned, Secretary Johanns gave some of his initial impressions of the Farm Bill Forum last week at a speech. And that was after having had 29, I believe, listening sessions and he had personally sat through well over 20 of those sessions. He felt it was time to give some of his impressions. He said that the concerns and ideas of farmers and ranchers are influencing what we are thinking about farm policy and that is indeed true. You know, we are hearing great input at the local level, not inside of Washington, and it's influencing our policies.

The Secretary specifically noted the concerns about farm support programs and he noted that concerns that one-third of all of our producers receive the greatest benefits of our farm programs and that the largest of those farms get those benefits. Now, that's a controversial statement down here, I know that. He also pointed out though that we have received a lot of testimony from that one-third of the producers saying, that's just fine,

you know, don't change that; we like that structure. So we are acknowledging, again, a difference of opinion.

Ultimately the nation has to decide, the agriculture committees, the Secretary of Agriculture, me, the President have to decide whether to continue relying upon this existing policy structure. Most of this policy structure dates back a long, long time ago or whether we attempt to make some changes to address some of the concerns that have been raised out there. And these are tough decisions. We've got a lot of input that we need to receive yet before making any final conclusions on what is the right direction. I will note though that clearly we have heard enough to where I don't think anybody could have sat through all of these forums and said, you know, there's absolutely nothing in the Farm Bill that should be changed. The young producers alone, it's compelling. Ladies and gentlemen we are not solving that problem. And, you know, our Farm Bill needs to focus on this issue of that next generation involved in agriculture.

So, I've spoken too much probably. At this point I just want you to know that I am going to do what is very, very difficult for someone who works in Washington to do, and that is, I'm going to shut up. This is your forum from this point on. I am here to listen to your input. I know Senator Pryor feels the same way as well as our congressional delegation. We want to hear what you have to say. You may say something and I may just have to respond, I hope not, because I intend to listen, let the moderators keep you on schedule, give us your input, create that record and I do promise you that we are going to go back and we're going to take all of these comments very, very seriously.

Thank you all again for being here.

[Applause.]

MODERATOR: Thank you, Mr. Secretary, for setting the stage for what we're going to do for the next couple of hours.

Lay down just a few ground rules, then we are going to turn the spot light on you. As the Secretary said, this is your chance to make your views known.

Hopefully you are aware that we are really looking for comments today on six basic questions about farm policy. And the Secretary in his remarks touched on some of those. I'm going to read them verbatim to you.

Number one, how should farm policy address any unintended consequences and discourage the next generation of farmers from entering production agriculture?

Second, how should farm policy be designed to maximize U.S. competitiveness and our country's ability to effectively compete in global markets?

Third, how should farm policy be designed to effectively and fairly distribute assistance to producers?

Fourth, how can farm policy best achieve conservation and environmental goals?

Fifth, how can federal rural and farm programs provide effective assistance in rural areas?

And number six, how should agricultural product development, marketing and research-related issues be addressed in the next Farm Bill?

Those are the questions we want to hear from you on today. We certainly invite all of you or as many as can to get up and make comments.

I will remind you that each participant will be limited to two minutes to allow for the maximum number of people to comment today. We have a red, yellow, and green light system that will help keep track of the time. So be cognizant of that, if you will.

In the back of the room in the corner we have the USDA help desk and there are USDA specialists back there who can answer questions unrelated to the Farm Bill such as an issue of loans, et cetera. If you prefer not to make comments at the mike or if you run out of time, you're always welcome to send your comments via U.S. mail or the Internet. USDA.gov is the web site where you can send those comments. I want to assure you that the comments received via U.S. mail and Internet will go through the same analysis, i.e., carry the same weight as comments you make in front of these microphones to the Secretary today.

This forum is being recorded and transcribed to ensure that all comments are documented and considered. You heard the Secretary say a little bit ago that he was referring to some of the comments that had been made at the previous 30 forums. So all of these are available on the web site. In fact, I believe you can go to the web site and read the transcript.

If you want to comment, at this time, if you do want to comment, I think some of our young folks are perhaps going to be the first participants today, please start making your way to the mikes. We have two mikes. There's one there and one there. And if you would, please provide your name, where you are from and if you would like, your involvement in agriculture in connection to the Farm Bill. And to help us all understand where you're coming from, it would be very good if you would, at the outset, talk about which question you want to answer.

At this time we will start with this microphone over here, please state your name and go right ahead.

MS. JESSICA HICKMOTT: Hi, my name is Jessica Hickmott and I'm the national officer candidate representing FFA for Arkansas FFA this year which is in eight days. And I am from Camden, Arkansas.

I'm going to address the first question which is the unintended consequences that will affect the young farmer. I think this is an excellent question. Because of the rising age of the young farmer, he said currently it is 59 this year. So I think this is a really important issue that we need to address.

As a young person concerned about the future of agriculture, I feel that one of the most important issues that young people look at is security in production agriculture. With the recent natural disasters such as the hurricanes down south combined with those rising energy costs, I feel that one of the most important things that we are going to look at is that the fact that the profit margins for farmers this year are going to be drastically affected by these things. And even though this isn't a problem every year, we have natural disasters from drought to flooding that are common occurrences.

With that in mind, I feel that a couple of the most important areas of the 2007 Farm Bill that young farmers are going to look at are going to be crop insurance and commodity price support. Due to these price supports, one of the unintended consequences generated by this Farm Bill in the past has been the artificially inflated cost of land which could cause young farmers to be discouraged from going into the farming business.

Another area of the Farm Bill that young people are going to look at are going to be the measures taken to secure the farming community after a natural disaster in case we have agri-terrorism. And they're going to look at whether or not we're prepared for the costs that are going to be associated with the new animal ID system and how this is going to affect those people wanting to go into farming.

Now, even though the security of production agriculture is something that young people are going to weigh heavily, groups such as the national FFA organization have a base of over 490,000 young members who believe in the future of agriculture. And I can assure you that the future of production agriculture is bright.

Thank you.

MODERATOR: Thank you very much.

[Applause.]

MODERATOR: Now, let's hear from this young man over here.

MR. JACOB WOOLEY: Good morning. My name is Jacob Wooley. I'm the Arkansas State 4-H president and I'll be addressing the same question and that's number one.

America has one of the safest, most abundant food supply of anywhere in the world. And people in this country have relied on the USDA for about 140 years now for the help that they offer.

Now, due to recent budget cuts it's been very hard on the people of rural America who depend on the help from USDA.

In the USDA family 4-H youth development provides a direct link between 4-H clubs and current research related to family and consumer education, nutrition, agriculture, and natural resources and leadership development. Family program initiatives through 4-H include healthy lifestyles, science engineering and technology, and youth civic engagement. Through these the youth are receiving the tools to become competent, capable and contributing individuals in their communities.

The 4-H focuses on teaching us the life skills of decision-making and responsibility and how to use the knowledge about nutrition and disease prevention to make healthy lifestyle choices. This in turn helps us address the national concern for childhood obesity.

Through USDA and the Cooperative Extension Service, local citizens identify and resolve community problems. We need trained extension staff and volunteers to support and train our youth and adults while we learn, grow and work together to bring out positive change in our rural communities. For a strong rural America to exist there has to be support for rural community development, youth development, and opportunities for families to remain in rural America.

On behalf of the 133,000 Arkansas youth touched by 4-H, thank you for allowing us to have a voice in our future.

MODERATOR: Thank you.

[Applause.]

MODERATOR: Mr. Secretary, quite a turn out today of our 4H youngsters and the FFA youngsters. And I know if we would let them all come in the room, there would have been no place for the rest of us to sit there are so many here on the fairgrounds.

DEPUTY SECRETARY CONNER: It's great to have them here.

MODERATOR: I know that is certainly an emphasis in these forums.

Mr. Reed.

MR. STANLEY REED: Mr. Secretary, Senator Pryor, my name is Stanley Reed. I'm President of Arkansas Farm Bureau. I'm also a cotton producer from Marianna, Arkansas. I would like to address the global competitive feature of the questions that

Stewart raised. And also touch upon what can we do to attract more young people back to agriculture.

I firmly believe that in order to attract young people into agriculture we've got to make agriculture profitable.

[Applause.]

MR. REED: That is the best thing we can do to keep young people --

[Applause.]

MR. REED: My son has just joined me back on our cotton farm. He is a graduate of the University of Arkansas and he is very optimistic about the future of agriculture. But we have to be able to compete globally with the sale of our products. I do believe in the Wal-Martization of agriculture that the low-cost provider will be the one that survives in the next coming years. We've got to have access to world markets. That point has already been made. We cannot, however, reduce our domestic support for agriculture until we see that we have meaningful access to world markets and reduction of trade barriers around the world.

Now, there's been a lot of talk about what we will do in the WTO, but my biggest concern is that we lay down and give up all of our leverage in our farm programs that we have now and we do not get the meaningful access that we need to be able to get into markets around the world. China, India, and other countries of the world pay as much as 50 percent of their disposable income for food. We in America pay about 7 percent of our disposable income for food. We have very productive, efficient farmers that are able to compete, but we need all the tools available and we don't need artificial restrictions on production and efficiency like payment limitations.

The Farm Bureau has always had a strong history both at the Arkansas level and the national level opposing any payment limitations. These are artificial restrictions that are social policies that just do not belong in a farm program. We need every opportunity to compete or to use every efficiency that we can so that production agriculture can succeed, it can be profitable, we can have access to world markets and we can attract young people back into agriculture if we have profitability there.

Thank you very much.

[Applause.]

MODERATOR: Mr. Vester.

MR. RAY VESTER: Thank you, Mr. Secretary, Senator. I appreciate the opportunity to speak. I am Ray Vester from Stuttgart, Arkansas, rice producer from that area. I want to speak towards how the benefits go to the farmer, the program benefits.

You made the statement earlier that a third of the farmers get the majority of the benefits. And some people say that's the wealthy group. I would like to give you a few more statistics. Fifteen percent of the farmers are responsible for 85 percent of the agricultural production in the United States. And that's farmers like me, family farms, small farms, large farms of all sizes. Everything I make comes from my farming operation. I don't have an off-farm job or a portfolio. Everything also I make goes back into my farming operation because at this point in time it takes it all.

Another statistic I would like to give you is the reason I think the farm program is fine like it is because right now the benefits go to those who produce. And an example of that is 38 percent of all farmers produced 92 percent of America's food and fiber; 38 percent produced 92 percent. They receive 87 percent of farm program benefits. A little bit less proportionately than what they produce.

We have a farm program that is working, it's working well, it's serving the need of agriculture. Also, you know, I think the name of our Farm Bill is incorrect. I think it should say "Food Security Act." That's what we have in this nation. You go back to the first Farm Bills which happened during the depression era, they were in effect for one main reason, to guarantee the American public an abundant supply of safe, inexpensive food. That's what it was for, an abundant supply of safe, inexpensive food. And I think for 70-some odd years that has worked. We have the greatest supply of food, the largest supply, the most inexpensive supply and safest thanks to USDA, FDA, and EPA. We have a well-managed food system. If we take that from the farmers, if we take that from this nation, the American people, as you heard earlier, spend 7 percent of their disposable income on food. Pretty inexpensive. Thank you.

[Applause.]

MODERATOR: Mr. Herr [sp].

MR. MARVIN HERR [sp]: Thank you. Thank you for being here Secretary Conner and Senator Pryor. My name is Marvin Herr [sp] and I'm a farmer in Jackson County. I farm with my son and my daughter who both were raised on that farm and they're raising their children there. And I think we are probably a family farm. But we probably aren't the stereotypical family farm. We farm almost 8,000 acres.

MODERATOR: Marvin, move a little bit closer to the microphone, please.

MR. HERR [sp]: All right. We farm a pretty good-sized farm. The current Farm Bill seems to provide a safety net when prices are low, it kind of kicks in and puts a floor under some of our prices. And then when our prices go up, it disappears. It doesn't cost the taxpayers anything. It seems to be working. There are some places, as Senator Pryor said, that probably need a little tweaking. And I think some of that can be done and I would suggest that Arkansas Congressional Delegation would be a good place to start, they could give you some good advice.

But essentially the message I want to carry to you today, you've got a number of questions and there's no way in the world, you and I could sit down in my kitchen and we could talk for a half a day and we could probably get around to most of it. But I think basically the 2002 Farm Act is working and it provides a good core basis for what we need to do in 2007.

Thank you, sir.

[Applause.]

MODERATOR: Mr. King.

MR. JOHN KING: Mr. Secretary, John King from Phillips County, a rice producer, cotton producer, corn and soybean producer. We appreciate you being here and listening closely to what we have to share with you. I'm also chairman of the USA Rice Council.

In 1962 the United States imposed sanctions on Cuba, the largest market for U.S. rice at that time. The U.S. had a clear geographic advantage in supplying that small island. Recent industry estimates suggest that Cuba imported more than 600,000 tons of rice annually while the U.S. has recently made some headway in regaining some of this market, its long-term potential remains threatened by existing sanctions and recent efforts to tighten restrictions on food to Cuba allowed under existing legislation.

On July 29, 2005, the U.S. Treasury Department clarified its role governing U.S. Agriculture trade with Cuba. That clarification can be viewed as a small, but positive step in helping to restore the reputation of U.S. agriculture as a reliable supplier. However, legislation still is needed to remove the current restrictive rule that unnecessarily and unfairly over regulates U.S. agriculture trade with Cuba. We need to expand our agriculture trade with Cuba.

Rice prices are still at a level where making it in agriculture means hopefully being able to break even. Fifty percent of our domestic crop is exported to markets around the world. A small island 90 miles from our coast should import all of its rice needs from the U.S. Due to statutory and regulatory restrictions we only export 25 percent of Cuba's needs. The rest comes, unfortunately, from our competitors. These restrictions only hurt U.S. rice farmers and deprive the common Cuban from enjoying high-quality rice.

I say to you, Mr. Secretary, allow the American farmer to develop export markets for our products in Cuba, particularly in the face of a shrinking trade surplus, the possibility of agricultural trade deficits, and most important for the American farmer to be able to compete in this ever-increasingly competitive world.

Thank you.

[Applause.]

MODERATOR: Mr. Beach [sp], you've got two minutes.

MR. RANDY BEACH [sp]: Okay. I'm Randy Beach [sp] from Mississippi County, Arkansas. I'm a cotton farmer and rice and soybean as well. And I have two sons that farm with me and we, just like Marvin said, we are a family farm.

One of the points I wanted to make as Mr. Reed said earlier is, the way we can get these young people to stay and be involved in agriculture is make it profitable and have a safety net provided there so -- they're in the most productive years of their lives so we've got to make it profitable enough for them to want to come and continue to farm and continue with family farms. That's what we've got.

We think that the 2002 Farm Bill is one of the best Farm Bills we've ever had and it's working well. It provides a safety net and many reasons in that that it does. Payment limits for one thing, if you start to reduce payments limits then you're going to make it impossible for my two sons to stay on the farm and farm with me because we will not be able to show a profit, especially with the rising costs of fuel and fertilizer and other input items. This is the most financially intensive year that we have ever had and it's going to be a year that we've had even where we have decent production and even maybe an average crop, it's not going to be a profitable year. So we have to be able to keep these payment limits and not lower those payment limits.

Another thing, dismantling of the marketing loan program would be disastrous to agriculture in Arkansas. We could not survive a dismantling of the marketing loan program.

Pre-emptive rule is another one that we need to keep. Marketing certificates is a vital tool for us to continue to participate in the programs that we have in the 2002 Farm Bill.

Another thing that we've just been involved with lately, I was in one of the first watersheds in the nation. The Conservation Security Program has really been working well for us in our area and we would like to see that continued and to make it available to all producers in the nation. I know it's getting off kind of slow, but we need to accelerate that and move it in to all producers of our nation so everyone can take advantage of that.

MODERATOR: Thank you, Randy.

[Applause.]

MODERATOR: Mr. Hoskin.

MR. JERRY HOSKIN: I want to echo and thank you both for being here and the other Congressmen. My son and I farm around Stuttgart. I'm Jerry Hoskin and my son is in farming with me and he and I have both been very, very concerned with this year the

way it's beginning to turn out. And I let him read some of this that I'm going to read to you and he agreed with me.

The 2002 Farm Bill is working. It's not broken. It doesn't need to be fixed. Just leave it alone. USDA needs to be an advocate for the continuation and not its termination. I believe many farmers want to continue the 2002 Farm Act. I say this very directly and plainly and with all respect and sincerity.

The 2002 Farm Bill was one of the best pieces of farm legislation written. The Act combines planning flexibility that allows the producers to grow for the market place while providing a safety net and it adjusts based on market conditions.

I also say very directly with all respect and sincerity conditions are horrible in the farming communities. Regardless of USDA's selected statistics farmers are in jeopardy financially. Farmers' income are far behind the rapid and continued escalated pace of fuel and fertilizer and other costs associate with farming. Weather disasters have crippled many of the farmers even more. Weather damages will reducing farm income this year.

A nation with a sound agriculture policy, namely the 2002 Farm Act, and an abundant, stable food supply helps secure its citizens. For this nation and its citizens, food security is as compelling a national resource as energy and military are. For this major reason we think the 2002 Farm Act should continue.

Thank you.

[Applause.]

MODERATOR: Mr. Andrews?

MR. JOHN ANDREWS: I'm John Andrews a rice and soybean producer from Walnut Ridge in Lawrence County. I, like the other ones, want to thank you for being here. I want to thank Senator Pryor and Senator Lincoln and all four of our Congressmen, Senator Ross and Senator Snyder here. I think they're the ones responsible for the 2002 Farm Bill. The Farm Bill was written by them and the administration got on at the end of it. We appreciate that and we hope that you would listen to what they say.

Your last question that you named of -- Stewart did was about research for new uses for products. Well, the number one problem that we have in agriculture today is energy, fuel and fertilizer is all tied back to the cost of oil. We have the technology to produce our own energy. Right here in Arkansas we can grow all the soybeans that we need and produce biodiesel to do all this stuff.

What I think we need in the next Farm Bill is we need the administration to step up and say, we want the Farm Bill to include money to produce factories to make biodiesel right here in there heartland where beans are grown. We keep hearing about the

money for ANWR [Alaska National Wildlife Refuge]. Secretary of Interior Gail Norton came to Arkansas Farm Bureau's office to talk to us about drilling in ANWR. I'm not opposed to drilling in ANWR. I think it would be a lot better suited if we took \$500 million it's going to cost to do that and build \$500 million worth of biodiesel plants right here in the delta where we can grow beans from now on and produce our own fuel.

[Applause.]

MR. ANDREWS: So I think that is something we need to think about and we should try to get it included in the next Farm Bill.

Thank you.

[Applause.]

MODERATOR: Let's go back over here and, sir, please identify yourself.

MR. JOHN STUCKEY [sp]: Good afternoon, Mr. Secretary. I'm John Stuckey [sp]. I'm with Taylor and Stuckey and Patterson Ginn [sp], Incorporated out of Trumann, Arkansas. On behalf of the National Cotton Council, I would like to touch on a couple points regarding our Farm Bill.

First let me say that I strongly support our current Farm Bill. It's a good safety net in times of low prices. Much of the support is not linked to current production so that allows farmers to make their decisions based on market prices.. Also, since the support is not tied to production, the impact on price levels is minimized.

My concern is that there continues to be repeated efforts to impose more restrictive payment limits. Those pushing for higher limits argue that doing so would reduce land prices and rent. However, there are economic studies by the USDA suggesting that the adjustment in land prices would be less than 10 percent.

Additionally, changes in limitations will likely result in a shift in production to other crops. The Payment Limit Commission has stated that limitations affect cotton and rice farmers disproportionately compared to feed grains, oil seed and wheat farmers.

Finally, changes in eligibility rules force changes in rental contracts with the possible consequences of forcing landlords to cash rent rather than crop-shared rent. This change would adversely affect beginning farmers and small operators who are normally unable to obtain production financing to pay cash rent.

In closing, I would reiterate that agriculture in Arkansas would be severely harmed by more restrictive payment limits. Analysis by the Payment Limit Commission indicated that higher limits on contract payments other than '96 Farm Bill would have taken more than \$75 million from the Arkansas farmers.

Also, I would like to say that when the President starts talking about cutting our subsidies, I wish somebody would play him the recording that we had earlier at the start of this.

MODERATOR: John, time's up.

MR. STUCKEY: Mr. Secretary, thank you for consideration in my state.

[Applause.]

MODERATOR: Mr. Secretary, a little bit ago we heard a man named John King talk about Cuba and we have a man over here named Brian King, they're not related, as far as I know, but he just got back from Cuba about six weeks ago. So Brian.

MR. BRIAN KING: I'm Brian King. I'm in the rice business with Ritter Green Services in Marked Tree, Arkansas and I'm also an active member of the USA Rice Federation and I serve as Chairman of the USA Rice Merchants Association.

My comments today focus primarily on the farm payments being capitalized into the land values and causing higher rents. Last week Secretary Johanns indicated that he had heard concerns in some of these sessions about farm payments being capitalized into the land values and causing higher rents. Mr. Conner, inflated land values may be a problem in your home state of Indiana and other areas of the Midwest, but we do not see a problem like that in our area.

In fact, much of the farmland in our area represents the largest assets and primary form of equity for farmers.

[Applause.]

MR. KING: Nationwide farmland represents about 80 percent of the total U.S. farm assets. Any action by the USDA to try to reduce land values will leave a devastating path in rural America, as much of our equity will disappear and farm and rural communities and businesses they support. I would suggest urban sprawl, development pressures and recreational use have and are continuing to have the greatest impact on land values. Even a USDA Economic Research Service study showed that farm programs have contributed less than 8 percent to increase land values.

Thank you for listening and --

[Tape break.]

[Applause.]

MODERATOR: Back over here. Sir, please identify yourself and proceed.

MR. ROBER REED: My name is Robert Reed. I live in Denard, Arkansas. I have a small family farm up there. I'm also a disabled vet, member of the Libertarian Party and the National Taxpayers Union.

We don't like what's happening. The taxes are too high on our property. I cut timber, I get taxed because I have a timber tax. Now I've got to pay tax because it turned into pasture. I get taxed on what I move, I get taxed on what I grow. It's not fair. There is no other economic part of the United States that has the technology the farmers have, can do what we do, supply the fuel that we can supply, the organic materials to fertilize our crops, the water recovery and the forest restoration and still get taxed out of business.

My grandchildren will not be able to afford my land in the state of Arkansas due to inheritance taxes. We need to get rid of inheritance taxes on all farms.

[Applause.]

MR. REED: It's been stated already this morning, we have the technology. Up north they use ethanol. Ethanol has increased 28 percent in the last 36 months in the northern states. Most states cannot sell gasoline in the wintertime unless it contains 10 percent ethanol. We grow corn, we grow soybeans, we grow cotton, all of that has fuel, fabric, and energy-related byproducts. Nothing will go to waste if we get the government out of the regulation and let us do the business as farmers.

DEPUTY SECRETARY CONNER: If I could just make one comment. I just can't let the death tax comment go by without just encouraging you on this point. I mean, President Bush has time and time again, you know, made reference to the death tax and saying, you know, death should not be a taxable event in this country. And it should not be.

[Applause.]

DEPUTY SECRETARY CONNER: And the Congress of the United States has an opportunity here to put an end to this permanently.

MR. REED: Well, we pay taxes all our year, I don't see why my children need to pay taxes on what we've already paid. It's unfair. For more information, LP.org.

SENATOR PRYOR: Let me, if I can comment on the death tax and the estate tax because I've actually been part of a bipartisan group trying to get that through the Senate. Senator Lincoln and I on the Senate side support a proposal that would completely eliminate the estate tax or the death tax for family farmers and for small business.

Realistically, don't kill the messenger here, but realistically, given Katrina and other budget items that are going on, the vote on this probably will not happen until next year. We don't know exactly how it's going to come out.

The most likely scenario in the Senate, I can't speak for the House, but the most likely scenario in the Senate is you will see a compromise. And the compromise will probably completely solve the problem for about 95 percent of the people in this room; completely solve the problem. And it will greatly help the other 5 percent. It may not completely solve it for everybody, but will make a huge difference pretty much on everybody's bottom line here.

So I just wanted to give that quick update. Something that Senator Lincoln and I have been working on and we totally understand where everybody is coming from on that. But I tell you, that's the sort of the D.C. update at least from the Senate side that a compromise is most likely. My sense is it will be probably the first half of next year.

MODERATOR: Senator, thank you for the update on that.

Let's go over here and go to the River Valley, Mr. Fluge [sp].

MR. RICHARD FLUGE [sp]: Richard Fluge [sp] from Hartman, Arkansas. I am a third-generation farmer and have two sons farming with me. They're in their forties and I'm feeling younger every day. Whenever you said that the average is 59 --

[Laughter.]

MR. FLUGE: -- that makes me real young because I've put in 54 crops in my lifetime. I want to say that I echo the remarks of the previous people. The Farm Bill is working fine. As I said, I'm a livestock farmer and a row crop farmer and it's working both ways for me.

Calvin Price I fought him on the EQIP program for a long time, but you can teach old dogs new tricks. I am enrolled in that for some conservation programs.

I just want to say that for these young people to have a place in farming, we do have to protect the people that are here now. I want my farm to go to my sons and be able to farm. We can't do that without the good safety net that we've got and also I thank you for declaring the rest of the counties of Arkansas disaster area. But we don't just need disaster loans. We need disaster payments for these crops that have not had a chance to grow right. And even with the low prices that we've got, we've got to make yields and we're not going to do it. I can't make money on 15 bushel to the acre of soybeans at \$5 a bushel. We're going to have to have some supplement there.

It bothers me when I see the ads -- I mean, the articles in the paper where they want to cut 60 percent of the price for the farmers. That just can't happen. We won't be there for this generation to have it. And that's the only reason that I'm in farming is because my dad farmed. And that's the only reason that my sons will be there, if I can sustain it and carry on to where they can take over. So we need some direct payments.

The wheat farmers of Arkansas planted 115,000 acres last year compared to 1.2 million. Because we had wet fall and no one could get it planted. We need that included in the disaster program. The wheat farmers are left out. They're squeezed between the 2003 and 4 choice that we had and maybe the new 2005, but the fall wheat that wasn't planted, right now we don't have anything. So please take that back and help all the farmers of Arkansas.

Keep up the 2002 Farm Bill.

[Applause.]

MODERATOR: Moderator's privilege here for just a moment. I happen to be on teleconference with U.S. Trade Rep Rob Portman this morning. He's back from Geneva. And he made the point, and I know you and the Secretary have been making the point too, that this is not unilateral disarmament. There will have to be tangible market access for United States farm products before any agreement is considered final by the administration.

DEPUTY SECRETARY CONNER: That is exactly correct. I will just tell you that if that market access is not given, that proposal will come back off the table. You know, it is an offer totally contingent upon those markets becoming available for rice, you know, cotton, soybeans, all of those commodities in this state, some of which, you know, in the case of cotton, 60 percent, dependent upon exports. Where would you be without cotton exports? I mean, I just pose that question to you. You know, we've got to have these markets. If we don't get them, that proposal is coming right back and it will go, you know, in somebody's drawer and never be seen again.

MODERATOR: Over here, please.

MR. TOMMY FOLTZ [sp]: My name is Tommy Foltz [sp]. I'm from Little Rock, Arkansas. Thank you, Mr. Secretary, Senator Pryor, Congressmen Snyder and Ross. You all are probably wondering what I'm doing here at a Farm Bill discussion because my background is in the energy business.

I'd like to get a little bit more specific on what I do in the energy business. But at this point I'm just going to have to tell you that I'm in the biodiesel business. So I wanted to address what the gentleman said just a little while ago about biodiesel and energy. I think a great place to start in terms of supporting the biodiesel business is in the CCC bioenergy program. That program has gone for \$150 million to \$100 million to \$60 million to targeted to be zeroed out in 2007. That program encourages biodiesel production. It encourages new biodiesel production which obviously brings up the value of crops.

Obviously with energy prices where they are, we've got biodiesel demand that far outstrips supply. And if we want to try to level out that supply and demand some of it will be market-based just pure economics. But if you want to jumpstart that and want to

create a little bit more energy security so we we're not sending money overseas and we want to protect the environment, reauthorizing the CCC bioenergy program at a respectable level would be very helpful.

Thanks.

[Applause.]

MODERATOR: Sir.

MR. MARCUS DIVOREK [sp]: My name is Marcus Divorek [sp]. I'm from Des Arc. I farm about 2,000 acres of rice and soybeans. I don't know about all these questions, but I was wanting to tell you what's wrong now and what we need to deal with. Get down to earth, let's not, you know, put it into -- this is layman's terms because that's how I know how to talk.

All right. About the global market, sure we need global markets, but we need to invest in ourselves just like he said. When we are in a war, you know, against the terrorists and we've got so many people in our government that it's big oil men and they're protecting the oil industry. We need to find another way because if we don't, you know, if we don't take care of our farmers, we're going to be gone and then where are you going to get it from? You're going to have to be dependent on food plus everything else from other countries. We've got to start investing here, now. Or, you know, we don't need to depend on Saudi Arabia for our fuel, for our energy. You can depend on me.

I don't know, I'm not smart enough to turn it into diesel, but I can get you the soybeans. I can get you the rice. All we need to do is spend more money or at least don't take away any, to invest in America's future not Saudi Arabia or DuBai or wherever they get the oil. I've seen what all they're building. They're building -- spending \$200 billion on cities, probably, you know, wasting money on just big cities because they're making too much money on \$3.00 gas that they're trying to get us used to \$3.00 so they can back it down too \$2.00 and we'll feel grateful. You know, that's just the way it's going.

[Applause.]

MR. DIVOREK: And about if you keep pulling money, these rural towns are going to be ghost towns. Everybody's going to move to the city. That's not what America is about.

And about the Chicago Board of Trade, there needs to be somebody looking, you know. We need government officials looking at the Chicago Board of Trade, looking at rice and looking at Bunge on how they're moving these markets. There needs to be some regulation on how much soybeans can fall in a day. Sixty cents, whoa, I should have got it, but I didn't. So I'll wait. Well, it's going to fall another dollar. That's where a farmer,

you must be a gambler. If you're not a gambler, you can't farm. Because that's what you got to be.

And, anyway, I wrote down the train wreck has already happened. We just got to take care of everybody behind us. I'm not up here -- well, yeah, I'm up here for me, but I'm up here, we've got to take care of all of us. We've got to take care of our kids. I'm going to tell you, we're in dire straights.

And I know I'm out of time. I had a lot more to say.

[Applause.]

MODERATOR: While it's fresh on your mind, go back over in the corner there. Get it off your chest.

Mr. Lambe.

MR. JOHN LAMBE: Yes, I'm John Lambe, row crop farmer from southeast Arkansas. Thank you, Mr. Secretary, for hosting this forum and providing an opportunity to discuss the next Farm Bill.

Specifically I would like to address my comments to the distribution of the farm program payments. The 2002 Farm Bill has been successful in providing stability to the farm sector in times of low prices. As you know the Farm Bill includes limitations for each element of the program with payment limits being applied cumulatively to all program crops on the farm. In addition, we have an adjusted gross income means test that denies eligibility to participants with substantial non-farm income. Importantly, no producer is eligible for more benefits than the farm unit is entitled. It is important that the current payment limits not be made any more restrictive.

Most farming operations secure financing for annual production costs as well as incur long-term debt for equipment and land. Changes in limitations to eligibility make financing even more difficult to obtain. Proponents of lower limitations argue that big farmers receive the majority of benefits. However, big farmers receive those payments only because they are producing more product and incurring greater financial risks. It is important to remember that per bushel or per pound support is the same regardless of the size of the farmer.

Proponents of lower limitations argue that farming operations have become larger in order to capture farm program benefits. While it is true that the average size of farms has increased over time, more restrictive payment limits would not alter that trend. In fact, a USDA ERS study concluded that program benefits have not contributed to increase in farm size.

Finally, I would like to add that more restrictive payment limits hurt our international competitiveness by restricting farm size to a level that is in many cases less

than economically efficient. Tighter payment limits are not in the best interest of United States agriculture.

Thank you.

MODERATOR: Thank you, John.

[Applause.]

MODERATOR: Let's stay over here. This will be our last speaker before we take a short break.

MS. TAMMY PARKER: My name is Tammy Parker. I'm from Lonoke County [sp]. And to say that this Farm Bill hits me where I live is an understatement. I'm --

MODERATOR: Adjust that mike a little bit closer to you so we can all hear you.

MS. PARKER: I don't know, I'm pretty loud.

MODERATOR: Let her rip.

MS. PARKER: I'm a partner in a rice farm and have been for a long time. I've been married to a rice farmer. I work for Extension part-time. That helps me pay my health insurance. I'm also a 4-H parent. And I've had the privilege of working with all these kids. They are the future and if we don't do something they're not going to be able to farm.

It very much hits me on several of those questions. My father-in-law just died and in the will his greatest thing in the world he wanted was to be able to pass that farm on in one piece. Well, he did, but you know what? If we don't do something my husband is not going to be able to do that. Because his son farms with him too.

Well, right now we're looking at hanging on. That's not the American way to hang on. The American way is to go for it. And, we are -- you know, the American farmer obviously doesn't do it just for the profit, or we wouldn't be in it because we're crazy. Seriously.

We do this because it's in our heart and soul to provide food and fiber for Americans. And with any help to the rest of the world that's hungry. And we would be tickled pink if the markets would open up because we really don't want a handout from the government. We don't. We want the prices to go up. And it would be real like the rest of the business world. You know, the price of fuel went up, the price of everything we use goes up. So in the real world of business wouldn't that mean that our grain prices went up? No. That would make sense, you know.

But there needs, you know, I'm very, very pleased with the farm program. Yeah, it's got mistakes like everything, but we need that. Until, like you said, if those global markets open up, let the government keep their money and do something else. But right now we desperately need it because there's a lot of years that's what we make. You know, we're just breaking even and breaking even isn't good enough. That's not what we're about.

Thank you for the opportunity to talk to you.

[Applause.]

MODERATOR: Good comments to end on.

Mr. Secretary, I believe all the comments so far have been very well thought out, meaningful.

We are going to take a short break at this point in time, be back in ten minutes.

Before we start I want to recognize Congressman Marion Berry who has rejoined us.

[Applause.]

MODERATOR: Marion, please stand and be recognized.

We'll be in break for about ten minutes.

[Brief recess taken.]

MODERATOR GARY DiGIUSEPPE: Please take your seats and prepare for the second half of the Farm Bill Listening Forum.

The first thing I would like to do is thank my good friend and colleague Stewart Doan for Yancey Ag Network and KSSN here in Little Rock for his efforts as moderator in the first half of the Farm Bill Forum. I think he did an excellent job. Would everybody please give him a round of applause. Stewart did a wonderful job up here.

[Applause.]

MODERATOR: By the time I'm done, you may wish he was back.

[Laughter.]

MODERATOR: But let me introduce myself. My name is Gary DiGiuseppe. I'm the Farm Director of the Arkansas Radio Network and of KARN here in Little Rock. I've been asked to moderate for the second half of the 31st in a series of Farm Bill

Listening Forums being held across this country by the United States Department of Agriculture.

Before we resume taking questions, let me just once again go through some of the ground rules. During the next segment of the forum people will again be asked to direct their responses to one of the six questions that was put forth by Ag Secretary Johanns when he began this series. And repeating those six questions, they are:

How should farm policy be designed to maximize U.S. competitiveness and our country's ability to compete effectively in global markets?

How should farm policy address any unintended consequences and ensure that such consequences do not discourage new farmers and the next generation of farmers from entering production agriculture?

How should farm policy be designed to effectively and fairly distribute assistance to producers?

How can farm policy best achieve conservation and environmental goals?

How can federal rural and farm programs provide effective assistance in rural areas?

And, how should agricultural product marketing and research-related issues be addressed in the next Farm Bill?

Each speaker will have two minutes to provide comments. And, again, if you don't wish to comment publicly in this forum but submit your comments in written form to USDA, you are welcome to do so and those comments will get as much weight as if you had delivered them orally here.

There is a comment desk in the back there by the Coke machine. If you want to submit written comments on this forum or to the attention of USDA there, you're welcome to do so. There is also a USDA help desk in the back and any questions about programs, about what's going on here, about the Department of Agriculture and how they may assist you, feel free to talk to the folks at the help desk.

I think we'll go ahead and get things started Secretary Conner. Anything additional to say before we launch this?

DEPUTY SECRETARY CONNER: No, let's launch into it.

MODERATOR: Deputy Secretary Conner is ready to go. And I believe we'll start with the gentleman to my left.

MR. STUBBY STUMBAUGH: Thank you, sir. Thank you, Mr. Secretary. We appreciate you being here. I would like to say that I appreciate your time, appreciate our congressional delegation for being here. My name is Stubby Stumbaugh. I am the mayor of Cabot, Arkansas which lies over in Lonoke Oak County. While we have lots of row crop farmers over there, we also have fish farmers and livestock farms there as well.

I would certainly urge the administration to not forget those fish farmers and livestock farms as well and know that the importance of our row crop farmers is very important. I would like to echo the gentlemen that came before us that are here right now to talk about biodiesel and ethanol. And I know that biodiesel is very important and would urge the administration to fund those programs to continue the research and continue to produce those things to assist our farmers with the high cost of fuel. All it does is it creates a supply and demand when you are producing these other fuels. The cost of oil goes down and that helps everybody.

So with that being said, I would also like to urge the administration to not close any of our Farm Service Agency offices in rural America, in rural Arkansas because we need our farmers --

[Applause.]

MR. STUMBAUGH: -- we need our farmers on the farm, not traveling hours to a Farm Service Agency office. And that is would only be more productive for our farmers.

I would like to say thanks to Senator Pryor because I know he's worked hard on that. But I also would like to urge the administration to please stay focused on that because our farmers are very important to our economy of providing almost one-fourth of our state's economy. And I thank you very much.

MODERATOR: Thank you very much for your comments, sir.

[Applause.]

DEPUTY SECRETARY CONNER: If I could, I do want to address this issue of the Farm Service Agency offices. Because believe me, ladies and gentlemen, I know that this is an applause line out there. You know, just a quick story from me.

You know, I grew up, my father was a full-time farmer, but he worked part-time in what was the old ASCS office. You know, I spent a lot of my childhood with him in those offices, you know, going through the maps, sorting through the acreage, this kind of stuff. I have very fond memories of those days. So, you understand where I'm coming from on this.

However, now, setting aside the applause lines in the current Farm Service Agency we have offices out there where it costs \$2 of administrative expense to deliver

one dollar's worth of benefits. Now, ladies and gentlemen that's not right. And I appreciate all of the horror stories of farmers driving halfway across the state.

The simple fact is, we've analyzed situations where offices are within 20 miles, not halfway across the state, 20 miles, and we've said, you know, if you are a high-cost office and you're within 20 miles of another office let's look at this office and see what the economics are. Not that we're going to close it, but let's look at it. And ladies and gentlemen, if it's one of those offices where it costs \$2 to deliver one dollar's worth of benefits, we owe it to the taxpayers of this country to at least review it. And that's what we've proposed. I realize it's controversial. I realize it's an applause line, but for crying out loud, give us a chance to at least look at it and see, you know, if there might be some chance that we could do it better.

Some of these offices are in areas where urban development has made that county urban counties. They're not even rural anymore. But yet the office is there. It's not right. Work with us. And I'm looking at certain members in particular when I'm saying that. Work with us and let's at least look at it on behalf of the taxpayers of this country.

MODERATOR: Thank you very much, Mr. Secretary.

I did want to mention that according to the guidelines I've been handed, there will be time reserved at the end of the forum for free discussion on any issues including those that don't necessarily pertain to the six questions that were laid out as basis for the forum. So if you've got something on your mind addressing that sort of an issue, you might want to wait until the end of the forum. But your views will be heard here by the Secretary.

You, sir, on the right.

MR. JOHN SHANNON [sp]: Mr. Secretary, good afternoon. We are really glad you're here in Arkansas. My name is John Shannon [sp]. I'm the director of the Arkansas Forestry Commission. I didn't want this session to end without somebody saying the words, forest or trees to you, Mr. Secretary.

More than half of Arkansas is forested and that's really important to us for wildlife habitat and hunting and fishing we all enjoy. It's crucial for us for our drinking water. Our drinking water largely is a forest product in Arkansas. Okay. The water you drink here at the state fair grounds, unless it's in a bottle, is a forest product. It's from a forested watershed out west of Little Rock. And our forests in Arkansas which are expanding, unlike in many other states, we have more acres now than we did 20 years ago, it supports a huge vibrant forest products industry which pays really good wages in Arkansas. So we like the forest products industry.

The conservation title of the Farm Bill is important to all of that. And Mr. Secretary, I'd love to come here and ask you for more money, but I've got to balance the Forestry Commission budget every year, there is no more money. I know there's no

more money. Okay. But, boy if we could hold the line on that conservation title, it would really be important to us.

Again, welcome to Arkansas, we are glad you are here, sir.

MODERATOR: Thank you very much, sir.

[Applause.]

MODERATOR: I didn't mention it and Stewart had said it at the outset, but, of course, we would like you to give your name, your home town, and if you would like, what your relation is to agricultural issues.

Okay, sir.

MR. DOW VRENLY [sp]: My name is Dow Vrenly [sp]. I'm from England, Arkansas. I farm with my brother, my father and my mother. We produce cotton, rice, soybeans, and corn.

Mr. Secretary, today I wanted to talk to you about the 2002 Farm Bill was enacted and has been under constant criticism since it's inception. The current farm program provides an important safety net for production agriculture and does so in a fiscally responsible manner.

Spending under the farm law is much less than originally projected. Countercyclical payments along with direct payments and marketing loan programs protect farmers from fickle weather and commodity markets while allowing farmers to respond to market signals and not distort overall production and prices. Today's farmers face greater risks than the vast majority of business men. Many factors are beyond the farmers' control, a strong dollar, unanticipated oversupply in high production years, depressed prices and destructive natural events that can wipe out an entire crop.

An effective farm program is essential for providing stability and production, finance and marketing. Looking forward to the next Farm Bill is vital that the U.S. maintain a stable, predictable and equitable farm policy. Such policy supports rural America and permits U.S. consumers continued access to the safest, most affordable and most secure supply of food and fiber in the world. I ask that you continue your support for this important legislation in its current form.

Thank you.

MODERATOR: Thank you very much.

[Applause.]

MODERATOR: Okay. Continuing on, sir, on my left.

MR. TOMMY HOSKIN: Thank you. Thank you, Mr. Secretary, for taking time to be here today. My name is Tommy Hoskin and I'm a rice and soybean farmer from the Stuttgart area or as we call it, the rice capital of the world. About 50 miles from here. I think you've been there.

I'm not sure what -- my comments probably cover several of those questions, but for years there's been much said and written about we need to save the family farm, and I would like to spend my brief time talking about what a family farm is.

Some years ago I was in a meeting with Senator Pryor's father, David Pryor, and we were talking about this same issue. Talking about a previous Farm Bill and I asked Senator Pryor what the definition of a family farm was. And his reply was, "I have no idea. It just sounds good when you're making a speech to get up and beat on the podium and say, we're going to save the family farm." I would suggest that in most cases a family in the Midwest looks much different than a family farm in Arkansas and in the south. The crops we grow and the way that they are grown are much different than most of the crops in the Midwest. Not only are our input costs much higher, it also requires a lot more labor and equipment. This is particularly true for rice and cotton.

Our farming operation is a partnership made up of myself and three family members. This allows us to farm enough acreage to have an operation that is economical. Our farm also supports three full-time employees plus some part-time employees. If we divided our farming operation into three or four smaller units, none of them would be large enough to survive. They would probably end up as part-time farms.

While I have no problem with part-time farms, we are not going to feed the world with part-time farms. Farming is no different than any other business in this country. We've had to get bigger just to survive. But that doesn't mean we're not family farms.

As we know, 15 percent of the farmers in this country produce 85 percent of the production. So it seems logical that the support would follow that production. Maybe if we called it what it really is, which is a food security policy for this country, instead of payments to farmers, it would be viewed differently.

Most of us have really grown tired of a group such as the Environment Working Group attacking our farm support programs while they enjoy the cheapest, safest, and the most abundant food supply in the world.

MODERATOR: Could you sum it up, please?

MR. HOSKIN: In conclusion, Mr. Secretary, the 2002 Farm Bill is working, it's working the way it was intended to work and once we're able to fund it the way Congress intended, it will work even better. Thank you.

MODERATOR: Thank you very much.

[Applause.]

MODERATOR: Something he said, and I want to direct a question to you, Mr. Secretary, what does a family farm look like these days in Benton County, Indiana?

DEPUTY SECRETARY CONNER: It's certainly bigger than it was when I was growing up as a kid in Benton County. You know, the pressures on a corn and soybean farmer in Benton County are probably no different than rice and cotton in Arkansas where, you know, to have a viable economic unit you've got to be a lot bigger operation than my dad would have ever imagined on his farm.

MODERATOR: Thank you. The speaker on my right, please.

MR. BILL BRISTO: Thank you. My name is Bill Bristo. I am speaking today as a landowner from Jonesboro and I want to address the question about unintended consequences and also the question about stewardship. And I want to specifically talk about the issue of cash rent.

Now, my general philosophy about cash rent is that the landowner and the farmer ought to be able to negotiate what they want to negotiate and the market can take care of that. But, as a general rule, in a year like this, the cash rent is set based on the expectations of a prime year and a good harvest. And the farmer this year who paid cash rent is going to be in a lot worse shape than the farmer who was on a crop share.

In addition, requiring cash rent is a significant barrier to young people getting involved in farming if you've got to make that big loan. Also some cash renters view the farm when they pay the cash rent as they can mind the farm. They've got that farm for a year, they can do whatever they want to. So from a stewardship issue, you've got some concerns.

Now, here is my basic point and this is a tweak that needs to be put in the new Farm Bill. For the first time ever in 2002 we introduced the issue of "means testing." And what we have done by means testing is we have forced certain landowners to go to cash rent. We also by the rhetoric about payment limitations we are going to force other landowners to go to cash rent. And when we do that, the landowner does well, but it hurts the farmer. And under the Farm Bill there is no policy reason that we should have these unintended consequences of forcing people because of off-farm income or limitations to go to cash rent when everybody would rather do a crop share. And I wish you would look at that with regard to the writing of the next bill.

Thank you.

[Applause.]

MODERATOR: Thank you very much, sir.

MR. GLEN BAUMAN: Mr. Secretary, my name is Glen Bauman. I am from Stuttgart, Arkansas. I am with the Farmers and Merchants Bank there in Stuttgart. We are a small Ag bank, country bank. I am also on the American Bankers Association Agriculture and Rural Credit Committee.

I had something prepared here I was going to, I guess, read, but it seems like most everybody has pretty well touched on the 2002 Farm Bill. Of course, we think that's a good bill. We would like to see many of the provisions left in the new Farm Bill. You know, our farmers in our part of the country when they come in and see me in the bank they're scared. You know, we are talking about a new Farm Bill. Well, this year I'm not sure if some of them are going to make it long enough to be able to see a new Farm Bill.

The financial statements net worth just keeps going down and down. I see this year a lot of farmers having to mortgage their farms, mortgage their houses in order to try and go another year. This scares me because if next year isn't any better, then what are we going to do then? You know, they're going to lose it, they're going to lose it all.

You know, the Farm Bill that we are talking about today has a lot to do with the rural America. And the small towns and businesses up and down Main Street, they're all dependent upon the farmer. And, of course, I guess as you know, if the farmer doesn't make it, the small towns and communities don't make it, and I don't see how we can stand by and let the people from the city just keep coming in and buying up the ground to build large houses and duck clubs.

So I guess that's all I have to say. Thanks again for being here.

MODERATOR: Thank you very much for your comments.

[Applause.]

MODERATOR: Sir, go ahead, please.

MR. GEORGE DUNKLIN [sp]: Yes, sir. Good afternoon, Secretary Conner, and Congressman Berry. I'm George Dunklin [sp] of Arkansas County. I'm here today to talk about the conservation programs and the importance of them to the rice industry and of course to our country.

I'm a rice farmer and a duck hunter. Mr. Secretary, I manage our family farming and hunting operations and have been for some 25 years. I also serve on the board of Ducks Unlimited and on the DU National Conservation Committee and I'm a commissioner of the Arkansas (Unclear) Fish Commission.

My wife and I live on our family farm with our three daughters. Our kids go to public schools in DeWitt and we go to church in Stuttgart. So we are involved in both communities very actively.

I say all this to you today to express to you my deep concerns about the condition of agriculture and the direction that we seem to be headed. I am very passionate about our community, our state, and our country. I understand the budget crunch that the administration faces and I just want to assure you, you know, we'll do in agriculture, we are going to do our part to be a net contributor to the economy.

The three programs I want to discuss today are the Conservation Security Program, the CSP, the Conservation Reserve Program, the CRP, and the Wetlands Reserve Program, the WRP. The CSP would have the biggest impact on working lands. The program would give incentives to the rice producer to conserve more of our natural resources. As originally planned, it would have converted many acres to more conservation practices, it would have saved millions of tons of top soil, millions of gallons of diesel, and, you know, billions of gallons of water, you know, from groundwater. Sadly, the program was never enacted in the full measure as it was planned in the 2002 Farm Bill.

I would encourage you, sir, that you and the administration and Congress to address the CSP and enact it as originally planned. I think it's one of the best programs that could have happened but never did.

The CRP and WRP programs have been incredibly successful all over the country. The U.S. taxpayers are benefiting from an improved environment because of it. Cleaner air, less greenhouse gases, reduced soil erosion and many other environmental sensitive issues. It's replaced grasslands and restored bottomland hardwoods on very marginal soils. Of course research has proven that putting these lands and these programs have resulted in measurable benefits to the wildlife population in many areas of the country.

This has an economic benefit in diversifying the income to farmers, landowners and businesses in rural America.

MODERATOR: Could you conclude, please?

MR. DUNKLIN [sp]: Yes, sir. In 2007 there are 16 million acres that the CRP contract is getting ready to expire, six million acres the following year. I would encourage you, sir, to try to continue these programs.

We thank you very much for coming here to Arkansas today and listening to us.

[Applause.]

MODERATOR: Thank you for your comments.

The next speaker, please go ahead.

MR. MICKEY DOYLE: My name is Mickey Doyle. I am from --
MODERATOR: Could you move closer to the microphone, please?

MR. DOYLE: Is this okay? Can you hear me now?

My name is Mickey Doyle. I'm from Newport, Arkansas. I went to Washington, D.C. on a farm strike in '76. A word they were using up there back then was called "parity." In 25 years since it's not even been mentioned.

The problem I have is the farmer is the only guy who buys everything he needs at retail and he sells at wholesale. When you do have a good year and have good prices, all the input costs go up. But when the prices go back down, they remain where they're at. We've got to have a level ball field so that when you in the spring when you start, you know, fertilizer is \$400 a ton, you know you're going to get \$7 for your beans or \$5 for your rice. We've got to cut out the fluctuations.

I'm out. Thank you.

[Applause.]

MODERATOR: Thank you very much.

MR. HAL HIDEMAN [sp]: Hello. Welcome to Arkansas, Secretary Conner. My name is Hal Hideman [sp]. I'm from Poinsett County, Arkansas, and involved in agricultural entities up there. I guess I'm talking a little bit different slant on things today.

I certainly support the current Farm Bill. But I am one of these folks that I'm pretty much resolved that you all are going to do something to us and change is coming.

If change is coming, I think we need to look at something that will keep a safety net under the farmer and the bankers out there. You just heard from a good friend of mine that's in the banking business. And I've talked to many bankers and they're all concerned about what they're going to be able to do for the farmers if the Farm Bill changes in a substantial manner.

I would promote the idea that the current crop insurance program we have does not work. It is not truly insurance because you can make a profit out of it. That's truly not an insurance product if you can make a profit. I think if the government would look at giving us some kind of workable cost of production crop insurance that would put a safety net under the farmer, allow us to keep our farm infrastructure in place. If we change these programs and your fertilizer dealers, your cotton ginner, if they go out and then five years down the road we say, whoops, we made a mistake, we need to go back and correct this, hey, the cat is out of the bag. You can't correct something that the damage is going to be done to the infrastructure.

A cost of production crop insurance program would allow the farmer to borrow the money, put it in his crop. If he doesn't make enough money to pay that crop loan off, then he can file a claim, collect his money, pay his banker and go again the next year. Everybody ought to have the right to buy insurance. And I think that we have a broken crop insurance program and we need to get one that works for the farmer.

The other benefits of this, I think it could very easily be designed to be WTO compliant. You could structure it on a farm basis instead of a commodity basis, so the flexibility of planting decisions is there and it doesn't influence what's going to be done. And I think that you talk to a lot of bankers out there if they knew that a young farmer coming into the business could borrow money, and if he didn't make it, he could file a claim, pay that bank loan off and go again the next year, they could go with him and finance him so it would facilitate the entry of young farmers into the business.

Thank you very much.

[Applause.]

MODERATOR: Thank you very much, sir.

MR. RON ENGLAND: I'm Ron England, from Bentonville, Arkansas, a dairy producer, livestock producer. And we do still produce milk in Arkansas.

I am 51 years old and I'm not sure whether I'm over average or under average.

[Laughter.]

MR. ENGLAND: But I would like to discuss some of the budget cuts and restraints. I believe the House bill has put \$7 million in for John's research and the Senate bill still has the \$18 million which was in last year's bill. John's is definitely a livestock and dairy problem, not strictly a dairy issue. And we need the \$18 million in there for that.

The three billion that's going to be cut, we realize that there has to be budget cuts, but the dairy price support program is the life blood of the dairy industry and if we were to lose to \$9.90 out of dairy, that would just be the end of the dairy industry, we feel like, in the United States. The MILC program was the life blood of the young farmers, the small farmers that I represent in Arkansas and Oklahoma as a DFA board member. And we would just like to bring those issues to the forefront with you.

The Katrina and Rita disasters, there was very little mention in agriculture costs. Dairy farmers in those areas saw \$40 million in losses, 30 million of that was DFA producer losses. We sent generators and feed and things like that to try to keep those producers because of losing milk production in the southeast.

And at the end of my comments I would like for you to comment on the surplus EPRA deal that was set up for love canal. I don't think agriculture was ever intended to

be brought into that. But we've been sucked into it like we have been on lots of other things.

Immigrations legislation, dairy farmers need year-round labor. We don't need seasonal labor. So the Ag jobs bill, dairy farmers would be very much in support of Ag jobs bill.

And one last thing is on the MPC [Milk Protein Concentrate] and (unclear) they need to be a part of the tariff -- in 1994 in the GATT talks, that wasn't a big issue, but now that the imports have just skyrocketed, we need that to be a part in the tariff program.

So would you please comment on CERCLA And EPRA. Thank you.

DEPUTY SECRETARY CONNER: Let me just two quick comments to the gentleman since I think this is the first dairy comments we've gotten. The Bush administration is supportive of extending the MILC program. And my understanding is that the Senate Ag Committee will consider a bill this week, Wednesday -- I'm sorry, of the week coming -- and the MILC extension is included in that. I'm not predicting what the final outcome will be, but if that happens, that will be a big hurdle that we've overcome to get that MILC extension done.

On that CERCLA, I don't know the legislative history of CERCLA to know if agriculture was intended to be covered in the original legislation or not. I will tell you though that we have a very good and strong EPA administrator in Mr. Johnson. Right now he is a different EPA administrator than any we've had for quite some time. He is from Indiana originally, so he's kind of special in my books. But Steve Johnson, you know, is just a guy that understands rural America and understands farming. And that's pretty unusual in a position like that. And so I have great confidence that everything that Steve can possibly do to make sure that the impact on rural America and on farming and ranching is minimized because he shares the basic view of the Bush administration which are, you know, the farmers and ranchers are the best stewards of the land that you can possibly have. So I feel fairly confident that that's going to be the way EPA is going to regulate.

MODERATOR: Thank you, Mr. Secretary. I wanted to mention, Ryan, that just the other day I talked with an expert on John's disease at the University of Wisconsin Madison, and he encourages producers to test their herds for fear, as you said, that the federal money may go away if it's not being utilized. But he believes that paratuberculosis can be eradicated just as we've done with brucellosis and other animal diseases.

Mr. Wyrick.

MR. PHIL WYRICK: Thank you, sir. My name is Phil Wyrick.. I am director of Arkansas Livestock and Poultry, also a cattle producer. I might also add to the John's

issue. We have started up a Johnes program in Arkansas just this year with some federal funds.

Mr. Secretary, I don't think anybody mentioned the fact that we raise a few chickens in Arkansas. We are the number one poultry producer as far as states go in America. Obviously we are very concerned about this issue of avian influenza. I think it's important that the USDA continues to fund states for us to do the surveillance work, which we've done a lot of that in Arkansas. That's an opportunity for us to lay the facts out in front of the people and say, look, we've got the safest food supply, certainly poultry and beef supply and pork supply in the world. So please continue to help us make and pay for those surveillance work.

The other issue obviously is the animal ID. We have a very thriving cattle production -- cow/calf production in the state of Arkansas. Please continue to be aware that we do not need cutting of federal funds. When it comes to initiating this program, much of it is going to lay on our footsteps.

Then as a cattle producer, let me mention this, I know this is tough to do, but can we cut a little red tape every once in a while when it comes to drought relief to the cattle producer? I had personally had an experience and we had some drought relief from 2003 and I just got my relief check. I can almost raise a heifer calf and her have a baby by the time I get a check. And it seems like that takes a long time. So if you can ever help us on a little bit of cutting the red tape, we certainly appreciate it because we need the help as quickly as possible when we're in a tough situation like that.

Thank you, sir.

[Applause.]

MODERATOR: Thank you very much, Bill.

The gentleman on my left, please.

MR. ALLEN STEWART: Mr. Secretary, thank you for being here. My name is Allen Stewart. I live on the western side of the state and I produce cattle and poultry. And I don't know if we're into the section where we can talk about other things.

I used to be one of these people that sat back and said, why do we have a Farm Bill? Why didn't they just go to the sale and take their chances like we do? Well, let me tell you, after being in Washington a few times, I begin to realize that it takes a level playing field. And if you didn't have these Farm Bills and these row crop farmers could produce this grain, we've got to go out and buy [inaudible] and feed for our livestock. And in the poultry we have to buy poultry feed and the poultry company has to buy it. So the Farm Bill is working. I think we should support it.

And one of the things that we're going to be faced with in the upcoming years is that we're facing a problem with nutrient management. And every one of us in certain watersheds in this state have to have a nutrient management plan in order to raise poultry and farm. So in order to do this, you have to have people out here in the NRCS that are qualified and capable. We've got like 275 or 280 poultry farms in our county. And each one of those has to have a nutrient management plan. So in the Farm Bill I think we need to consider keeping people to staff the NRCS and be able to help us in our county areas in the upcoming years.

Thank you.

[Applause.]

MODERATOR: Thank you very much.

Sir.

MR. BOB COOK: Mr. Deputy Secretary, congressional delegation, thank you all for being here today. I'm Bob Cook and I'm president of the Stuttgart Banking Division for Bank Corp South. I want to just add some credibility to some of the comments made here today.

Never have so many spent so much to produce an abundance and realize so little. That applies to every guy here. I don't care what kind of production agriculture, livestock, poultry they're in, we are all facing dilemmas.

We've let the critics of the distribution of program payments have the floor and present their side of the story. And the interesting thing is, they talk about the cost of program payments. We never have dialogue about the net, the bottom lines that these guys realize and how much it costs to produce, and I guess that's our fault. But I can assure you that we calculate repayment on our production loans on five-year production averages on either loan value or contract values and if it isn't for the program payments, none of these operations cash flow. And I look at loan applications from farmers from Brinkley, Rison, Pine Bluff, Des Arc, Carlisle, Lonoke, Stuttgart, Hodges Corners, and De Witt, and they are all in the same situation. And I just endorse what everyone else says about the continuation payments.

The only other comment would be that the timing of the payments has gotten to the point where we cannot rely and project them in cash flow, and the repayment of those previous payments has also caused a serious problem for our producers.

Thank you very much.

MODERATOR: Thank you for your comments.

[Applause.]

MODERATOR: I wanted to direct another question to the Secretary. This is, as we've mentioned the 31st of a series of hearings on the Farm Bill that's been conducted by USDA. Secretary Johanns has presided over some and Deputy Secretary Conner the others. And I wanted to ask you, what are they thinking in Alaska?

DEPUTY SECRETARY CONNER: Well, I actually had the Farm Bill forum in Nebraska, chaired a four-hour session in Nebraska -- or in Alaska at that time. And it's surprising, Alaska is a different state than you might think. In the southern part of the state they have annual crops. You know, perhaps more vegetables than others, but they have some wheat and some program payments. A lot of dairy, so issues like the MILC program extension are important to them. So, Rural Development and conservation are big up there as well. So it's different but not as dramatically as you might think.

MODERATOR: Were they surprised that you came up there?

DEPUTY SECRETARY CONNER: I think they were, yeah. Yeah, it was cold that day too.

MODERATOR: Well, it seems like we're headed to all 50 states, but this is the 31st here in Arkansas.

Sir.

MR. JERRY LEE BOGART: Good afternoon, Mr. Secretary, and welcome. My name is Jerry Lee Bogart. I'm a farmer from Stuttgart, Arkansas.

I suggest to you that this debate over the upcoming Farm Bill should be redirected a bit. I think the day has come that we have to accept the fact that a domestic farm policy oftentimes now flies in the face of a foreign policy in the world that we live in today.

The correlation between the two, the net result is national food security. We only have to look today at question number two where the global market access and our competitive or lack thereof is concerned. It's a two-edge sword. Oftentimes we've signed trade agreements that have freely brought in foreign competitors products into our country, most often duty free, tariff free and inspection free. Many of the production models that our competitors adhere to today were outlawed in this country 25 years ago, where heavy metal fungicides, DDT, and other components are used regularly in a practice and they are allowed to bring those products into this country under those circumstances where our consumers get them and know not what they consume.

I suggest to you sir, that in most of these areas, particularly in rice where 14 percent of this nation's domestic consumption will be taken up by foreign products, for high value added cash sales to our consumers oftentimes under the circumstances that I have just described, if not most often, if we had those same net cash sales because those

products were prohibited to come into this country, we wouldn't be so reliant upon the government for our subsidy payments as we are today.

Note that I am not against free trade. I am a free trader. I export rice into foreign countries but I am also a realist. And I've worked in these markets and I realize that we cannot continue to fool ourselves into believing that we cannot be a part of the foreign policy debates that directly affect us. If I were to put that same food product on the shelf that my Tai competitor can freely do, and I were discovered to have used the same components and compounds that our people will consume that they've produced for us, my crop would be quarantined and I would likely be arrested for bioterrorism.

Another example I would cite to you, sir, I the World Food Trade Organization --

MODERATOR: Jerry Lee, if you would conclude.

MR. BOGART: I will summarize very quickly. I think that we have to look at national food security and what our domestic farm program contributes to that and what the value of our subsidies really afford the American public.

Thank you, sir.

[Applause.]

MODERATOR: Thank you very much.

Please.

MS. PRISCILLA HOWELL: My name is Priscilla Howell. I'm from Hope, Arkansas. My family has always been involved in farming and my heart goes out to the lady who almost cried. I am very familiar with farming. We've raised cotton, rice, soybeans, wheat, milo, cattle. I was originally born and raised in the southeast part of the state in the Delta.

The farmers have been hard hit by the (unclear) economics in the last few years. It doesn't take a genius to figure out that if you had four years out of five years in a disaster and financial analysis basically tells you if you're short of cash flow then you multiply that times three times and that's what you have to reduce your term debt to cash flow. And to me it makes sense that if you're going to help the farmer it's going to take more than one Farm Bill. And if the farmers are telling you that the 2002 Farm Bill worked, then maybe we ought to listen and maybe we ought to strengthen and build on it.

[Applause.]

MODERATOR: Thank you very much, ma'am.

We are, by the way, to the point where we can throw the floor open to any question or any comments to be made to the Secretary on any subject related to the Farm Bill. You don't have to be specifically tied to the six questions that were laid out at the start of the series of Farm Bill Forums.

Who, first? All right. To my left, please.

MR. _____: I did speak earlier today, but I just wanted to call your attention to one thing that you mentioned about the closing of the FSA offices. I was on the state committee for six years and what we did in some of our counties was we took the CED and shared him with other county offices. In other words, he would take care of two counties instead of one. If you did that across the state instead of closing the office, you would save a lot of money in administration of the salaries. Because you're going to move a lot of those PT people. And the ones that's doing the secretary is going to do the work. They're going to have to be there anyway. So, all you're saving is the rent on the building most of the time.

And the farmers, we do need that convenience of going to the county next to us or in our own county there. Because if you get there and then you're 50 miles driving to that place, you may live on the outside edge of the one county and have to go way over to the other one that's joining. And you get there and there's a mistake either on the FSA client's part or on the farmer's part, then you go back home and you've got to come back and do that all over again. All the technology in the world won't solve that problem of not being able to meet eye-to-eye with that person. So I'm a real advocate of keeping the county offices open. I'm sorry to disagree with you on that because I just think the farmers are entitled to that. It's not always just a matter of economics. It's for the good of the whole countryside and I urge you to look into that other part.

DEPUTY SECRETARY CONNER: I appreciate that. Thank you.

MR. _____: Thank you.

MODERATOR: Thank you very much.

[Applause.]

MODERATOR: And, again, I've been remiss because I've been looking at them throughout my session as moderator in failing to acknowledge the continued presence of members of our state's congressional delegation. We appreciate Congressman Berry, Congressman Ross, Congressman Snyder, Senator Pryor and all the folks who have come here to hear what farmers and others have had to say to Secretary Conner today.

Mr. Bell.

MR. BELL: Thank you. I view this as a farmer's meeting so I wanted everyone to finish before I said anything. I do have a couple of items to clean up on.

One of those, I would remind you, Mr. Conner, that the current Farm Bill has its origins in the 1985 Food Security Act. That was the year we introduced the marketing loan program for cotton and rice, a radical move that changed the whole structure of farm policy. And we introduced that for cotton and rice in order to make us competitive in world markets. It has worked well during that period. As you well know it has spread to the other crops now and it is really the heart of our agricultural policy.

I want to endorse the five points that are in the letter that Senator Saxby sent to the Secretary, Saxby Chambliss about your trade negotiation position. That I consider your proposal unrealistic. And that's for someone that's been in this a long, long time. But you do need to have some guidelines, and I think he laid those down for you.

I would make a point about rice that no one has made yet. I don't know whether you realize it or not, but we haven't increased the loan rate for rice for 17 years. And the way I look at that, that means we're committed to a competitive market. Very few people haven't had a raise in 17 years, and I think that's a very valid point.

The other item I would mention, Mr. Cook from the Stuttgart Bank made that point, and that is that I have to admit I was an advocate for that countercyclical payment. I liked the old deficiency payment we had. I think it provided us with protection we didn't have otherwise. But the schedule we ended up with for the schedule of payments is a disaster. And I think that's what Mr. Cook was talking about. You don't know when you're going to get it. You get it after a year that the crops has been ended.

And in the tweaking, if you want to call it that, because I do think that the 1985 structure will continue, that I hope that we can address that issue and make it a much more meaningful countercyclical payment than we've had in the last couple of years. And if we got to that position because of the negotiation we did during the Senate and House Committee and they were trying to balance the budget at that time. But hopefully we can readdress that.

And, again, I appreciate your being here. Tom Dorr and I had a good meeting this morning with another group and talked a lot about Rural Development. But, again, I made the point to him that when you get this far south, we're going to look at the world differently than you do from Indiana, Iowa, or Nebraska.

MODERATOR: Thanks, Dick. Thank you.

[Applause.]

MODERATOR: Arkansas Secretary of Agriculture, Richard Bell.

We have another speaker, sir.

MR. VENTRAM [sp]: Speaker is kind of a stretch for me.

[Laughter.]

MR. SCOTT VENTRAM [sp]: Mr. Secretary, my name is Scott Ventram from Harrison, Arkansas. I am a part-time cattleman and a full-time attorney, an Ag attorney. One hundred percent of my --

MODERATOR: Could you pull that up to your mouth, please.

MR. VENTRAM: Got a bunch of short Arkansans. I'll bend over. Anyway, my comment, I would like to add a little bit to what Mr. Pluge [sp] said, the difference between having technology versus people.

I was in my FSA office this morning, there were seven PCs, seven printers and two employees. We are already a combined county, Boone and Newton. There is no justification for an LAP producer, a cattle producer, waiting from 2003 until 2005 to get his check. Before this administration starting trying centralized payment services and running it all out of the national finance center, we could make those payments in 30 to 60-day turnaround time. Technology is not a cross that we need to throw ourselves on. So when I hear this administration talking about, let's get rid of some offices and invest more in technology, I have to be a little bit skeptical. It's no fun to drive 100 miles only to have nobody there to take care of you or to answer your question when you get there.

I would ask you gentlemen to consider that as you go into this next Farm Bill on that debate. I would also strongly encourage you to maintain and quit trying to dismantle the county committee system, locally elected accountable producers is the best way to deliver farm program service fairly and equitably.

Thank you.

[Applause.]

MODERATOR: Thank you very much, sir.

Let me again remind folks, this is your forum. This is being recorded and will be transcribed and will be on record at USDA. In addition, as we had said earlier, you can submit written comments. There is a desk back there to do so. You can also go to the government's web site, USDA.gov and submit comments there.

Our next speaker from Desark, Arkansas.

MR. HARVEY JOE SANNER: Thanks. Good to be here today. Don't start my time yet. (Unclear).

MODERATOR: And let me remind you to please identify yourself.

MR. HARVEY JOE SANNER: I'm Harvey Joe Sanner. I live in Prairie County, Arkansas, Desark. I've been a life-long farmer. Now I'm more of a farm activist and loudmouth, I guess, than I am a farmer. But you were Chuck when I first knew you and anyway, congratulations on your climb up the ladder.

You are such a nice guy to be working with such a mean bunch of cats --

[Laughter.]

MR. SANNER: -- in USDA and the White House. In all seriousness, we've got real, real troubles. And I'm so thankful that our friend Glen, the banker, and Bob came to tell you. I'm hearing from bankers, I'm in a farm activist office every day and I started hearing from bankers and farmers back in the summer and we are talking about some wholesale bankruptcies, in my opinion, coming this winter in Arkansas. At a time when the administration is talking about dismantling offices, cutting funding for programs, doing away with the programs and the so-called subsidies and the WTO debates and all that, and I know you say that won't happen unless other nations do likewise. Like they reduce theirs. You're still doing it. And I think one thing, you're still making the case that something is basically wrong with these farm programs, with these costs and attacks through the budget that the Bush Administration posed which is totally unfair. It's not our fault they mismanaged the treasury and got themselves in debt. And farmers shouldn't have to bear that pain.

The 2002 Farm Bill is a wonderful vehicle and it was very adequate and it was probably the best we could have got at the time. Right now it's falling short because what's happened to production costs. Congressman Berry has already introduced legislation to add more money to the Farm Bill as has Senator Lincoln. But it's a good platform to do that in, weigh in, and it's a good delivery system to get the money out here when it's needed. And it's going to be needed. I can tell you, there are people in trouble.

And one of the things that's causing the trouble worse than the farm prices that I lived through in the '70s and the '80s and the '90s is the pessimism from the bankers, and they're getting the pessimism from the administration and the Ken Cooks of the world and the New York Times editor and the Wall Street Journal editor and everybody else that's beating up on these farm programs and not standing up and defending them. And that's what I would like the administration to do.

We're an open --

MODERATOR: Would you conclude, please?

MR. SANNER: I thought we could go on now since we are in open mike time, Gary, but I will conclude.

It is serious business. I had a lot more things I wanted to say. I've got an answer for all six questions. But I don't have time now, but one big myth, please, that needs to

be dispelled with that somehow that we can trade our safety net program for market access is a myth. There is not a commodity being produced in Arkansas that you can sell on the world market and make a profit at, not one. And I don't think there's been one in ten years. You've got to export, you can't let surpluses build up here and kill your domestic market, but to think you can replace a safety net in a Farm Bill with more market access is a myth. It will kill us. Strengthen the safety net, don't weaken it.

MODERATOR: Thank you, Harvey Joe.

[Applause.]

DEPUTY SECRETARY CONNER: Harvey Joe, I appreciate your staying within the two minutes. A funny story though. He and I have known each other for a while. And when I was in Oklahoma at a listening session a couple of weeks ago, I think the first old rancher that got up to testify, he kind of stumbled and paused and he says, "Man, in Oklahoma we can't even say 'howdy' in two minutes." So I appreciate your comments, Harvey Joe.

MODERATOR: Sir.

MR. CRAIG HILBURN: Thank you. Welcome, Mr. Secretary. My name is Craig Hillburn. I'm director of conservation programs for Ducks Unlimited. I should say welcome to Arkansas, but on behalf of the waterfowl, welcome to the lower Mississippi valley. Which from a duck's eye view is why the ducks come here. They come to the Mississippi valley because of agriculture. They've come here for decades because of what farmers do every day on their land to promote not only the food for all of us, to enjoy, but also the conservation measures that they all do on a daily basis for waterfowl and other wildlife.

I'm going to speak, you know, specifically about the conservation title of the Farm Bill. It is hugely important. It's been tremendously successful in Arkansas as well as all across the country.

Mr. Dunklin mentioned earlier the CRP, Conservation Reserve Program, is vitally important on the prairies for waterfowl. There are thousands of acres about to come out of their easements, and it's vitally important that CRP remain as a vital part of the Farm Bill so that those acres can be restored or can be retained in CRP. There are thousands of landowners that want those programs. They want to be able to continue ranching on the prairies and produce waterfowl.

One of our farmers earlier mentioned, you know, welcome to Stuttgart, Arkansas, the duck capital of the world. You know, Arkansas winters probably 30 percent of the mid-continent population of mallards in any given year. We winter millions of waterfowl in this state and in the MAV. And that's because of what these guys do in this room and thousands like them all across the state of Arkansas day in and day out.

Mr. Secretary, I am not a farmer. I am very concerned about the plight that they're in. But I'm equally and am more concerned about what our wildlife populations are going to be like if these gentlemen and these ladies cease to exist on our landscape because they are America's conservationists.

I would ask that you listen to what they're saying.

Thank you.

MODERATOR: Thank you very much, sir.

[Applause.]

MODERATOR: Congressman.

CONGRESSMAN MARION BERRY: Thank you. And thank you, Mr. Secretary for being here and being in Arkansas today. As I told you earlier, we're a hardworking and hospitable people and we welcome you.

I am 63 years old. I've been involved in the agriculture industry all my life. That's the reason I'm involved in politics today is because I love agriculture.

I am fully convinced and I would challenge anyone to prove me otherwise, that the success of the American farmer has contributed to the building of the greatest nation in the history of the world.

[Applause.]

CONGRESSMAN BERRY: The last time we faced anything close to the distress that we are facing today -- I don't mean a few months from now, but today -- was in the great depression. I wasn't around then, but if it was any worse than this, I'm glad I wasn't. That doesn't mean that this is going to be any easier to deal with. But at that time we put in place public policy that provided a safety net for our producers that has produced the most powerful, the most innovative, the most productive food and fiber production system that's ever been known in the history of the world and it has served this country and the world quite well.

For us to be talking about doing something different, making less of a safety net and using as an excuse, it increases land values, for those of us that own land, we don't think that's a bad thing. But for us to use things like that as a reason to not have a sufficient safety net so that we have adequate production of food and fiber so that our people know that they have and can depend on a reasonably priced food and clothing supply is a huge mistake. We are literally taking what we know works and turning it into something that we don't even have a good reason to think it might work. It's an experiment at best.

One of the reasons that brings me to mike is this. On Monday, in Monday's paper in the Democrat Gazette here in Arkansas, Rob Portman was quoted as saying that he was willing to take a 60 percent cut --

[Tape break.]

CONGRESSMAN BERRY: [In progress] -- in farm subsidies and that in his words, we might have to accept some pain. Now that would be just fine with me if he was the one that was going to accept it.

[Laughter.]

[Applause.]

CONGRESSMAN BERRY: But I know Rob Portman. He is no Richard Bell, and he's not going to get hurt a frazzling bit for this. So, this ideological battle that we have been engaged in, as much as it pains me to admit it, the Democratic party has been engaged in some of it also. Not near as much as your party, but some.

[Laughter.]

CONGRESSMAN BERRY: We have this unholy alliance between the environmental community and the ideologues on the conservative side that if we just beat the tar out of the agricultural community for long enough we will take all of this wonderful productive land and all these wonderful people that know how to use it and turn it into a national park or something. I never have figured out what the objective is. But I can tell you this, we are hanging on by a thread. Our ability to produce and sustain ourselves and not get into the situation with food and fiber supply that we're in with petroleum supply right now is very real. It is today and we need to do something about it right now.

[Applause.]

MODERATOR: Thank you very much, Congressman. I let him stay over his two minutes, but I'm recording this too.

[Laughter.]

MODERATOR: Yes, sir.

MR. CHARLES ROGERS: My name is Charles Rogers. I'm from a small community in south Arkansas, Cleveland County. I'm fortunate enough to serve as one of the officers in our Arkansas Cattle Association and you might think I'm going to talk about cattle or poultry. But also I'm a retired volunteer fireman from our community, 28 years. We have about a dozen volunteer fire departments in our county. We have no

full-time service. And it's through the efforts of the Rural Development that we are able to service our community effectively.

The other thing is, I can remember when we would go to a fire, almost have one under control and run out of water. And in the time we would be able to go and get additional water and come back, it would be too late. But by having the pumpers to go with us now and the turnout coats and the Scotts' air packs and the training, it has been very effective and I just want to say we appreciate that effort.

Thank you.

[Applause.]

MODERATOR: Thank you very much, Charles.

Congressman.

CONGRESSMAN MIKE ROSS: Thank you. My name is Mike Ross. I represent Arkansas's Fourth Congressional District. I represent a lot of farmers, all the way from Oklahoma and Texas to Mississippi. And Mr. Deputy Secretary, we want to thank you for coming to Arkansas today and for spending the time to hear farmers. I was here to hear them too and I think we've just about heard from everybody. And I wasn't going to say anything, but when Marion Berry speaks, I have to too.

[Laughter.]

CONGRESSMAN ROSS: No, seriously, let me just raise a couple of issues. I was on the Ag Committee, helped write the Farm Bill back in 2002. I personally think it's a good bill. I think the bill has worked. It's provided a safety net. We've come in below the projections on the amount of money that we would have spent on the bill and it's worked well. It's there when we need it and when we don't need it, it's not there.

And the reason I believe this is so important is quite simple. Today we are spending close to \$3.00 for a gallon of gasoline. I don't have to tell the folks in this room how much diesel is. It's much more than we ever dreamed of paying. I've seen it as high as \$3.25, \$3.29 recently. Now, why has that happened? It's because we've become too dependent on foreign oil. And if we are not careful, we are going to become way too dependent on other countries for our food and fiber. And I believe having a safe and reliable source for food and fiber is every bit as much critical to our nation's security as oil is. And so let's learn the lesson we learned from the high cost of gasoline today and the high cost of diesel fuel. Let's not become 60 percent dependent on other countries for our food and fiber like we have with oil.

I've got farmers -- between the drought and the high energy prices, I've got farmers that last August spent \$20,000 on diesel fuel. This August, Mr. Secretary, they're spending \$70,000 on diesel fuel. The energy prices are absolutely driving our

farm families in this country out of business and they need an energy policy that works for them and that's why every chance I get on the Energy and Commerce Committee I'm pushing to mandate 10 percent ethanol in all gasoline and 5 percent biodiesel in all diesel fuel.

[Applause.]

CONGRESSMAN ROSS: I ask that you respect the fact that we had a deal in 2002. We were told that we wouldn't make any changes to the plan. Everybody signed off on it and now there's talk about eliminating the three entity rule. There's talk about payment limits. I believe all of those things including the \$3 billion in proposed cuts ought to be off the table. There should be no room for compromise or negotiation on the \$3 billion this administration is proposing in cuts. There should be no cuts to this Farm Bill and to the agriculture program in this country.

You know, at a time when this administration is proposing \$3 billion in cuts to the farm program, but they're also still proposing \$106 billion in tax cuts. And so it's about priorities. And I believe priority number one ought to be keeping the promise we made to America's farm families with the 2002 Farm Bill.

Finally, let me say this, if we are going to do any fine tuning and improvement to the Farm Bill in 2007, I hope we will consider this. And I want to thank you for coming today and announcing that the Ag disaster declaration has been granted for all 75 counties in Arkansas.

Basically right now, as we stand here, all that means though is these farmers qualify for another loan. These farmers don't need another loan. They need help. And now it's up to the members of Congress to go to Washington as we do every year and pass an Ag disaster payment program. Now, the reason I raise this is, we're fooling ourselves if we believe somewhere in America there's not going to be a drought or a flood every single year. And so when we look at rewriting the Farm Bill or working or improving the Farm Bill for 2007, I think we should seriously consider having disaster payments as part of the Farm Bill because we know there is going to be a disaster somewhere in America every single year and these folks shouldn't have to wait until Congress can pass legislation for them to be able to get the help they so desperately need.

[Applause.]

MODERATOR: Congressman, we need to conclude, please.

CONGRESSMAN ROSS: Yeah, I understand. I got two minutes and I was using two minutes based on two minutes in Washington, not in Arkansas.

Finally, let me just say this, back in 1995 and '96 we took a hit in Arkansas. We closed a number of FSA offices. In fact, nine of the 13 that closed in 1995 and 1996 were in my congressional district. So number one, I'm asking you, don't close anymore

FSA Office in Arkansas. And if you do, do it in someone's district besides mine. Thank you very much.

[Applause.]

MODERATOR: Thank you, Congressman.

We have time for one more comment, and, sir, you will be it. Thank you.

MR. GREG COLE: I'm Greg Cole. I am with the Farm Credit System here in the state of Arkansas. In Arkansas we have about four entities that represent about \$1.4 billion agricultural loans. And also I was born and lived the majority of my life in the delta of eastern Arkansas and my family is involved in a rice farming operation.

A couple things, I could sit here and talk a little bit more about the -- I want to echo the observations of our fellow bankers and the farmers about the extreme financial stress we are under right now with high input costs, low commodity prices, and definitely there is going to be a real erosion of equity this winter or this year as well as looking into next year.

But one point I want to make, I attended the session on Rural Development this morning and with your colleague. And I know that's a big -- your administration has a lot of energy level in that. One thing I wanted to point out, you know, we in the financial business, we get to see the big picture of the farmers, the income statement, how much they make, how much they spend, how much they receive from farm subsidies. And one thing you see here in our area that for the majority of (unclear) net income is derived from farm subsidies. And one important point I don't think has been made, think about where that money comes. The majority of the net income that goes to the farmer, well, that farmer doesn't retain that. That goes to churches, schools, infrastructure, living amenities, you know, in the rural areas. And as you alluded to, where you grew up and Secretary Johanns, you know, that feeds a lot of other people. And that's an important point about rural development. If you curtail farm subsidies, obviously, you know, there's a shrinking of economic prosperity there, erosion of population and things. In Arkansas that's a major factor. That's a point that hasn't been brought out that's really important, and remember that farmers, obviously they don't, you know, buy a lot of investments with that money, they put it back with their neighbors and the infrastructure in the community.

Thank you, Mr. Secretary.

[Applause.]

MODERATOR: Thank you very much.

That will conclude the public comment portion of the forum. My instructions are to ask if any of the other members of the state's congressional delegation wish to speak.

[Discussion held off the record.]

MODERATOR: Thank you very much, Congressman. And with that I'll turn it back over to Deputy Secretary Conner for concluding remarks. Secretary.

DEPUTY SECRETARY CONNER: All right. Well, thank you very much. It's been a great forum, lots of great comments from so many folks, and I really do appreciate it. Know that these are important comments. They are going to factor heavily into our Farm Bill discussions as we begin to see that legislation take shape.

I will tell you, I mean, there's no way you can come away from this forum and not acknowledge that in Arkansas there's a good strong basic support for the current Farm Bill. And I'm not going to tell you that differently. I'm not going to try and represent it differently. I think the most I heard suggested here today was somebody used the term "minor tweaks." And beyond that, you know, obviously this has been a very strong and popular bill in this region. And, you know, we fully acknowledge that.

I did want to talk a little bit because I think mixed in throughout the comments on the current Farm Bill I think there continues to be the impression that somehow in our WTO proposal that we have sort of unilaterally put all of this on the table and said, you know, we're throwing in the towel on this Farm Bill. And I will just tell you, again, nothing could be further from the truth.

We have suggested in our WTO negotiations that in the event that other countries are willing to open up their markets for our product and we acknowledge that we need those markets, and I mentioned earlier in my remarks, you know, you can't deny when 60 percent of your demand is exports as is the case with cotton. Dick, you probably know the answer to this better than me, it's 40 percent plus on rice, I believe. It's 35 to 40 percent on soybeans. I mean, all of the crops and the livestock that are big production items in this region completely depend upon the export market. And the productivity in this region is growing and what are we going to do with that productivity? You know, that is an open question. What are you going to do with it if you don't export?

And, you know, the renewables offer some hope and we are growing that market tremendously. I'm diverging here a little bit, but one of the gentlemen earlier had talked about somebody had said, you know, we can't produce enough grain for the ethanol and the renewable fuel production in this country. That argument was made a couple of years ago in Washington and I just kind of sat back and said, you know, you guys don't know what farmers can do if you give them the market. And they have responded to that, whether it's corn or soybeans or other products, you know, there's more than enough corn to go around for livestock feed, for all the other uses that you have for feed, but yet we've increased the size of the ethanol market four or five times. We're going to double it again under the energy legislation that Congress has recently passed, up to seven billion gallons of renewable fuels.

So there's opportunity there, but we've got to continue to focus on these export markets. Now, when I say "focus on them" again, that does not mean we are going to unilaterally disarm. You know, if these countries are not willing to give us market access, everything we have talked about last week and this week is off the table. We are not discussing it with them any further. They know that. Ambassador Portman knows that.

Now, the second part of that that came up several times today as well, is there seems to be the notion that somehow if our trade negotiations are successful, and we get this market access, that somehow there's no Farm Bill. And, again, that's a myth. That doesn't mean there can't be a safety net in a Farm Bill even stronger than the current one. It might have to take a slightly different form in order to be WTO compliant, but that safety net can be as big and strong as anything Congress can afford at that point. And that's another myth that is out there as well.

So I can't help, there seems to be a lot of those questions and comments. I wanted to clarify that. Again, I'm hearing your message though on the current Farm Bill. I'm going to go back and deliver that message to the Secretary. The President will know that there is, believe me, strong support for the current Farm Bill in Arkansas.

Just close, I guess, by a couple of other comments as well. Not everything is different here than it has been in a lot of other places. A few comments on Rural Development. The gentleman that was the volunteer fireman, just heartfelt comments from communities throughout this country for what we are doing in terms of helping out volunteer fire departments and that's really just sort of the beginning of our Rural Development efforts that we have out there.

Conservation activities, a lot of concern about CRP. We are going to extend the existing CRP contracts that are coming up for expiration. There will be no expiring contracts here in the next couple of years if producers choose that. We are going to give everybody the opportunity to stay in those contracts. Then we can turn around and maybe a little longer term in the Farm Bill debate the direction that we're going on conservation. But just know that we are not going to get all of these contracts out of the bill before we have a chance to have a good healthy Farm Bill discussion. And I think that should be pretty good news for the folks in the wildlife community, Ducks Unlimited and those other folks. And those announcements are going out and some of them have already gone out in that way.

Disaster legislation, I have heard those general comments as well. And, as well, I don't really need to say anything more about the Farm Service Agency other than believe me, I hear your comments. I appreciate the gentleman over here that had the constructive suggestion. That is the type of dialogue we are trying to encourage here. As I said earlier, we have not put out a take or leave it kind of proposal. We want a dialogue, we want to talk to you about what works. But do know, at the end of the day that we don't support offices that spend \$2 in administrative expense to get a dollar worth of benefits out to the farmer. That's not right. We are going to continue to make that point, but we

want to work with everybody to come up with a good plan and a fair plan. And if you take away nothing else from that part of the message, please know that today.

So, again, I want to just thank you all for being here. The comments have been terrific. The Farm Bill is an important piece of legislation. This will be my sixth Farm Bill. I started out in the 1981 Farm Bill. I was around for those big changes, Dick, in the '85 bill and those were good years and that was a good bill we did in 1985 and subsequent years. We want to have a good Farm Bill this time. I am confident we are going to have a good Farm Bill. One that has a good solid safety net for the producers, for you guys, because you deserve it, you deserve it for food security, you deserve it for the next generation that's coming. We understand that. We understand that. And that's not the type of change we are talking about. So, again, I appreciate the comments. You guys know how to get in touch with me. Secretary Johanns and I literally have an open-door policy. If you need to talk to one of us, you've got the opportunity to talk to one of us and we have our doors open for you. Give us your input and we want to work with you. And thanks all for coming, again.

[Applause.]

MODERATOR: Ladies and gentlemen, Deputy Agriculture Secretary Chuck Conner.

[Applause.]

MODERATOR: That concludes our agricultural Farm Bill hearing at the state fair and I hope you will go out and enjoy the rest of the fair. Good afternoon, everybody.